Austria	Sch35	Indonesia	Rp3100	Pakistan	Rs35		
Bahrain	Din0.700	Iran	Rls210	Philippines	Peso40		
Belgium	BFr55	Israel	Shk5.50	Poland	Zl 6,000		
Cyprus	C£1.25	Italy	L2000	Portugal	Esc155		
Denmark	DKr12.00	Jordan	JD1	Qatar	QR9.00		
Egypt	E£2.25	Kuwait	Fils.500	S.Arabia	SR7.00		
Finland	FM9.50	Lebanon	L£400.00	Singapore	S$4.10		
France	FFr7.50	Lux	LFr55	Spain	Pta165		
Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr12		
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50		
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bht50		
Hungary	Ft107	Nigeria	Naira10	Tunisia	Din0.800		
Iceland	IKr160	Norway	NKr12.00	Turkey	L2000		
India	Rs15	Oman	OR1	UAE	Dh7.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,248

Tuesday September 11 1990

D 8523A

CHAMPAGNE
Fizzing prices promise financial hangovers
Page 9

World News

Liberia's President Doe reported shot dead

President Samuel Doe was killed after a weekend shoot-out with Liberian rebel forces, the US government and other sources said last night.

President Doe died from a gunshot wound inflicted in a fire fight with soldiers loyal to rebel leader Prince Johnson, the US State Department said. Page 5

Cambodian accord

The four warring factions in Cambodia agreed on all aspects of sharing power as the first step towards a negotiated settlement of the country's 11-year civil war. Page 18

Bhutto charged

Pakistan's army-backed caretaker government filed two charges in Karachi alleging abuse of power by Ms Benazir Bhutto, the ousted Prime Minister, during her 20 months in office. Page 18

US troop cuts

US is considering further cuts in the number of its troops in Europe as part of a conventional forces agreement between Nato and Warsaw Pact countries. Page 18

Mayors fear unrest

The radical mayors of Moscow and Leningrad called for October Revolution Day ceremonies to be curtailed to prevent bloody clashes between rival political groups. Page 9

Genocide trial

Iulian Vlad, the head of Romania's despised Securitate secret police, went on trial before three military judges on a charge of complicity in mass murder.

Spanish bombing

A bomb exploded in the Barcelona headquarters of the Catalan Socialist Party, minutes after two gunmen ordered the building to be evacuated. The two were identified as members of Grapo, a small Marxist-Leninist movement.

Freedom for some

Seven people linked to last year's political unrest in China have been freed from jail in Shanghai in recent weeks but a noted writer and a journalist are still being held, Shanghai mayor Zhu Rongji said.

Korean MPs boycott

South Korea's national assembly opened its autumn session without any opposition members. They resigned en masse in July in protest at the rushed passage of controversial legislation. Page 5

Manslaughter denied

British shipping company P&O European Ferries and seven ex-employees denied charges of manslaughter arising from the Herald of Free Enterprise ferry disaster, in which 193 people died. Picture, Page 11

Blockade removed

Ontario Indians who rallied behind Mohawks protesting land claims near Oka in Quebec, dismantled their blockade of railroad tracks after the railway obtained a court injunction.

Iranian crackdown

Iranian police killed three drug traffickers and arrested 500 others along with some 8,000 addicts in a week-long nationwide crackdown against narcotics.

Danish poll threat

Danish Prime Minister Poul Schlüter threatened to call an early election if parliament voted to raise public spending above levels set in his 1991 draft budget. Page 9

Soldiers rob store

Soviet soldiers tried to rob an East German electronics store and escape in a Soviet military truck loaded with grenades and bullets. After a high-speed police chase, the soldiers escaped on foot into the woods.

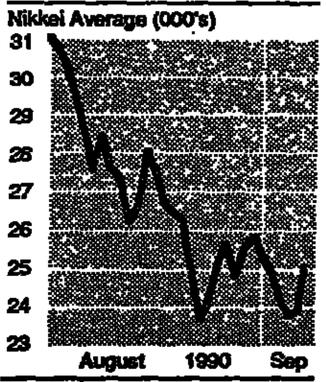
Business Summary

Markets react to Helsinki summit

Markets displayed a range of responses to Sunday's Helsinki summit, but the pervading talk was of technical price reaction. In Tokyo, investors were also encouraged by the strong rise in the yen. The Nikkei average broke through both the 24,000 and 25,000 levels, surging 1,118.83 to finish at the day's high of 25,080.90. In the US, the Dow Jones Industrial Average stood 28.96 points higher at 2,648.51 at 1.30 pm, on very low volume of 68m shares but eventually closed 3.96 down at 2,615.59. Markets, Back page, Second section; Lex, Page 18. In London, there was a sharp recovery in UK stocks and the FT-SE Index closed at 2,147.0. London Stock Exchange, Page 33

Japan

Nikkei Average (000's)



SCANDINAVIAN Airlines System (SAS) announced the sale of half its 50 per cent stake in Linjeflyg, Sweden's domestic airline, to Bilspedition, Swedish-owned transport company, for SKr475m ($83m). Page 19

PEUGEOT, Europe's third largest car maker, which also produces Citroën cars, has shaved back its profit estimates for this year from last year's FFr10.3bn ($2bn) net. Page 19

SIEBE, British engineering company, is to axe around 1,600 jobs at Foxboro, US-based process control company acquired for $656.4m in July. Page 19

TOOTH and Co, investment and liquor arm of Australian-based Adelaide Steamship group, has announced more than doubled earnings for the year to June. Page 22

MEXICO'S state steel consortium Sidermex, will be sold off to private investors, the government said. Page 8

BEKAERT, Belgian steel wire and cord maker, reported a slide in group net profits to BFr413m ($12.8m) from BFr2.59bn in the same period last year. Page 19

PARGESA founder, Gerard Eskénazi, French banker, quit the Geneva-based holding company he set up in 1981 with Mr Albert Frère, Belgian financier. Page 19

NORTH Broken Hill Peko, diversified Australian mining and forestry group, had a big net earnings lift for the year to June raising profits 70 per cent to A$111.8m ($91.8m) from A$65.5m. Page 21

IFIL, Agnelli group's main investment vehicle, is to pay L260bn ($222.5m) for a 7 per cent stake in Pechelbronn, main holding company of Groupe Worms, French private financial group. Page 20

HWANG Chou-shiuan, Taiwanese business executive based in Hong Kong, launched his hostile bid of HK$8.62bn ($1bn) for the two main companies belonging to the colony's Lau brothers. Page 21

ISRAELI shekel slipped in value against the dollar by almost 2.75 per cent after the government devalued its pegged rate. Page 5

PDVSA, Venezuela's national oil company, is seeking to acquire a 50 per cent share of an oil refinery in Pennsylvania and may build a large petroleum storage terminal in Malaysia. Page 22

Developing nations increase reliance on private sector

By Stephen Fidler, Euromarkets Correspondent, in London

AN INCREASING share of investment in developing countries is being made by the private sector and less and less through governments, according to the International Finance Corporation, the arm of the World Bank which promotes private investment in the Third World.

The balance of investment between the private and public sector has begun to shift, the IFC says in its annual report, published today.

In 27 developing countries for which figures are available, private investment increased as a share of gross domestic product from 10.2 per cent in 1986 to 11.8 per cent in 1988, while the share of public investment dropped from 8.2 to 7.5 per cent, the report says.

This momentum has continued. "There can be no doubt that the past year has seen much greater emphasis on the role of the private sector in developing countries," the report says.

And although economic conditions in developing countries will remain difficult in the near future, the prospect of slow average growth need not imply weak private investment during 1990-91, it says.

This is because the private sector is uniquely qualified to deal with changes in the world economy, in particular the internationalisation of production and trade, the rapid rise in trade in services and the acceleration of technological change. Most developing countries also face severe fiscal problems and lack the financial resources to expand or even maintain the public sector. This means the private sector is becoming increasingly involved in areas of the economy, such as commercial aviation, communications and power, that was previously the preserve of governments.

The report says that foreign direct investment increased to many developing countries in 1989, particularly Chile, Indonesia, Thailand and Turkey. Mexico, Singapore and Thailand were the top developing country recipients of direct investment last year.

The IFC underlines the importance of stability of government policy which will be needed to encourage private sector investment in the large infrastructure projects needed in many countries.

"It is hard to overstate the size of the investment backlog in developing countries, particularly the highly indebted ones, especially in infrastructure," it says.

On eastern Europe, Sir William Ryrie, the executive vice president and head of the IFC, said it was now clear that "the structural process of converting these economies to a market basis is going to be very slow".

This was more than an issue
Continued on Page 18

Arab countries pledge $12bn to back Iraq blockade ● Saddam offers to give away oil

US calls for more forces in Gulf

By David Buchan in Brussels and Lionel Barber in Washington

THE US yesterday appealed to its Nato allies to tighten the embargo against Iraq and send more ground troops to the Gulf.

However, the immediate allied response was cautious and limited to pledges of transport for US troops.

Mr James Baker, the US Secretary of State, told other Nato foreign ministers in Brussels that the US "would welcome additional ground-based forces, should countries see fit, even if these were only symbolic."

At the same time, he announced that Saudi Arabia, the United Arab Emirates, and the Kuwaiti government-in-exile had promised $12bn in aid, half of it to defray US military deployment costs and half to support countries – such as Egypt and Turkey – paying the heaviest price for the embargo on Iraq.

Later, at the European Community headquarters in Brussels, Mr Baker was told that the EC intended to contribute the major portion of $3bn which the main Middle East frontline states are expected to need over the next 18 months.

Mr Baker also said he would go on to Moscow and then to Damascus for talks on Friday with President Assad of Syria who has fielded troops as part of the multinational force mounted against Iraq.

This will be the highest-level contact between Syria and the US since which the 1988 Lockerbie air crash when Syria was accused of assisting terrorists to blow up a PanAm jumbo jet. Mr Baker said his visit "highlights Iraq's isolation." However, he conceded that long-strained relations with Syria "will not be cured overnight."

Addressing the Nato Council, Mr Baker adopted the phrase "responsibility-sharing," rather than Washington's previous formula of "burden-sharing," to make clear he was asking allies to help by means other than direct contributions to US military costs.

He outlined a plan by which Nato countries could help in the Gulf. It included: an activation of Nato's civil emergency committee to discuss, in conjunction with the Western European Union organisation, ways of transporting US troops to the Gulf by sea and air; eastward deployment of Nato ships in the Mediterranean; expanded southern coverage by Awacs intelligence-gathering aircraft based in Turkey; more aid from Nato partners to Turkey; logistics and transport by Nato countries to move Egyptian troops to Saudi Arabia and to evacuate refugees from Jordan; and general economic help for east European countries hit by higher oil prices.

Mr Baker said that while financial contributions were welcome, "all the money in the world cannot create the airlift and sealift capabilities required today to move heavy forces into place and to return refugees home."

Therefore, he welcomed the new pledges of help made by several Nato countries yesterday. These included German, Belgian, Greek and Danish promises of air and sea transport, plus a Belgian offer of 20,000 tonnes of wheat for Egypt and a Dutch offer of equipment to protect soldiers from chemical and biological weapons. In calling for "additional ground-based forces" by Nato countries, he appeared to signal that Washington would welcome other Europeans even fielding non-combat soldiers as a symbol of solidarity.

President Saddam Hussein of Iraq, in response to his increasing international isolation, yesterday offered to provide oil free to any developing country. However, he explained that countries would have to be responsible for their own transport. Transport of Iraqi crude is prohibited by a United Nations embargo. In Washington the Iraqi offer of free oil along with efforts to mend relations with Iran were seen as signs of desperation on the part of President Saddam.

"The desperation attempts, reaching out to Iran and this free oil for the Third World, indicate that the pressure (from international sanctions) is pinching them some place," White House Press Secretary Marlin Fitzwater said. "Such manoeuvres have not worked in the past and will not work this time," he added.

"It is an affront to all countries for Saddam to think that they would sacrifice the principles of freedom and non-aggression for the Iraqi oil or the oil that he has taken through his naked aggression against Kuwait," Mr Fitzwater added.

Within the Arab world, the divisions created by Iraq's annexation of Kuwait were underlined by the decision of 12 Arab League members to move the headquarters from Tunis to Cairo by October 31.

The 12 countries dissolved a six-month-old committee headed by Iraq intended to oversee the move and established a new one, replacing Iraq and Oman with the United Arab Emirates (UAE) and Syria. Egypt, Tunisia and Morocco retained their seats. Iraq, ironically, had led the campaign to restore Egypt's membership of the league.

Tunisia was among the nine members who boycotted the meeting. The others were Iraq, Libya, Algeria, Jordan, Sudan, Yemen, Mauritania and the Palestine Liberation Organisation.

The decision to move was welcomed by Egypt.

Delegates said the meeting did not try to elect a successor for Mr Chedli Klibi, the League's Tunisian secretary-general who resigned last week, because it lacked the required quorum.

Gulf crisis, Pages 2 and 3; Sharing the bill for peace, Page 17; Europe troop cuts, Page 18


James Baker: would welcome additional ground-based forces, even if they were only symbolic

Swiss bank syndicate ordered to cease fixing prices

By William Dullforce in Geneva

SWITZERLAND'S Cartel Commission yesterday won an important victory when the federal Government backed its demand that Swiss banks dismantle four important price-fixing arrangements.

Mr Jean-Pascal Delamuraz, economics minister, ordered the banks to abandon an agreement under which members of the Big Bank syndicate, which dominates the underwriting of Swiss franc bond issues for foreign borrowers, are prevented from joining other syndicates or managing other debt issues.

He also ordered the abolition of agreements fixing the brokerage fees charged on trading in securities on the stock exchanges; controlling charges for custodian business; and setting minimum fees for documentary credits.

The Government's long-delayed decision completes the deregulation of Swiss finances proposed by the Cartel Commission in April 1989.

The Bankers' Association accepted 10 of the recommendations, secured compromises with counter-proposals revising the agreements in five cases but vigorously resisted changes to the remaining four.

Bankers said that the Big Bank syndicate, which controls more than 80 per cent of the foreign bond underwriting business, would collapse if its members were allowed to lead manage deals without the permission of the syndicate's leaders, Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse.

The Bankers' Association had said that it would appeal to the Federal Tribunal (supreme court) against a government decision in favour of the Cartel Commission.

Defiantly, the Association of Swiss Stock Exchanges last November introduced a new agreement for brokerage fees, removing controls on commissions charged for large deals but maintaining fixed and higher rates for smaller deals.

Mr Delamuraz gave the underwriting syndicate until the end of the year to abandon its ban on its members from managing outside deals and to drop the price-fixing arrangement for documentary credits.

The agreement fixing brokerage fees on stock exchange transactions and the arrangement on custodian fees must be dismantled by the end of 1992.

EC moves to mend relationship with Iran over Rushdie affair

By David Buchan in Brussels and Victor Mallet in London

THE European Community has been accelerating secret negotiations with Iran in an attempt to improve relations soured by Iranian death threats against Mr Salman Rushdie, the British author accused of blaspheming against Islam.

Western officials are anxious to ensure Iranian compliance with UN sanctions against Iraq following Baghdad's recent rapprochement with Tehran, and to secure the release of hostages held by Iranian-backed groups in Lebanon.

The importance of the EC-Iran talks was underlined by the announcement in Tehran yesterday that Iran and Iraq have agreed to resume diplomatic ties.

Mr Gianni De Michelis, the Italian Foreign Minister, disclosed in Brussels yesterday that the EC had been trying since May to normalise relations with Iran on the basis of an exchange of notes about the Rushdie affair.

"We are very close to an agreement. It's at the wording stage," he said, adding that as the representative of the country holding the EC presidency he hoped to meet Mr Ali Akbar Velayati, the Iranian Foreign Minister, at the UN General Assembly later this month in New York.

EC countries withdrew their ambassadors from Tehran in the spring following renewed Iranian threats against Mr Rushdie, the Indian-born writer, for his alleged blasphemy in his book The Satanic Verses. Most of these envoys have since returned, but the EC still has a ban on high-level visits to Iran.

The essence of the deal, first outlined when Mr Velayati met EC ministers in Dublin in May, is that Iran should make a general statement pledging its respect for the established international code of conduct - which implicitly rules out inciting its supporters to commit murder. For its part, the EC would state its respect for all religions, including the Moslem faith.

The latest draft of the EC letter was given to Iran very recently, an EC official said yesterday.

Mr De Michelis said the proposed deal had Britain's full approval. The hope is that this exchange of general statements would break the deadlock in relations between London and Tehran.

Iran and Iraq agreed yesterday to resume diplomatic relations and reopen their embassies in each other's capitals, but Iran did not publicly soften its stand against the Iraqi invasion of Kuwait.

The state-run Iranian media quoted Iranian officials as saying that Tehran had accepted a proposal by Mr Tariq Aziz, the Iraqi Foreign Minister, for the resumption of diplomatic ties.

Mr Aziz was paying the first visit to Tehran by an Iraqi official since the start of the Gulf war in 1980, although relations were not cut until 1987.

Last month, as international pressure on Baghdad increased over the invasion of Kuwait, Iraq agreed to Iranian demands arising from the Gulf war; it began to withdraw troops from occupied Iranian territory and accepted a 1975 border agree-
Continued on Page 18

CONTENTS

MARKETS

Sweden examines the costs of pulling the nuclear power plug

Sweden is rapidly approaching the point of no return in its commitment to abandon nuclear power but Prime Minister Ingvar Carlsson faces rising pressure to postpone the current timetable Page 12

STERLING
New York close
$1.8545 (1.892)
London:
$1.8570 (1.8945)
DM2.9375 (2.965)
FFr9.8325 (9.9375)
SFr2.4475 (2.47)
Y258.50 (265.25)
£ Index 93.4 (94.4)

GOLD
New York: Comex Dec $384.2 (396.0)
London:
$385.25 (387.0)

N SEA OIL (Argus)
Brent 15-day
$29.25 (30.25)

Chief price changes yesterday: Page 19

DOLLAR
Tokyo open:
New York close
DM1.582 (1.5685)
FFr5.280 (5.2535)
SFr1.3195 (1.3055)
Y130.075 (140.1)
London:
DM1.5815 (1.5655)
FFr5.2950 (5.245)
SFr1.3185 (1.3035)
Y139.15 (140.05)
$ Index 63.4 (63.1)
Tokyo close: Y139.43

US closing rates
Fed Funds $8\frac{1}{16}$% ($7\frac{15}{16}$)
3-mo Treasury Bills:
yield: 7.66% (7.613)
Long Bond:
$94\frac{1}{8}$ ($98\frac{3}{32}$)
yield: 8.92% (8.908)

STOCK INDICES
FT-SE 100:
2,147.0 (+24.1)
FT Ordinary:
1,655.1 (+16.8)
FT-A All-Share:
1,040.59 (+0.9%)
New York close
DJ Ind. Av.
2,653.47 (+33.92)
S&P Comp
326.18 (+2.78)
Tokyo: Nikkei
25,080.90 (+1,118.83)

LONDON MONEY
3-month Interbank:
closing $14\frac{13}{16}$-$14\frac{7}{8}$ ($14\frac{7}{8}$)
Liffe long gilt future:
$82\frac{27}{32}$ ($83\frac{5}{32}$)

CRISIS IN THE GULF

International pariah begins to edge out from the cold

Iran is likely to be one of the few regional players to gain from the Gulf crisis, reports Scheherazade Daneshkhu

IRAN, a pariah in the international community for over a *decade, is now basking* in self-satisfaction as the world ties itself in knots trying to deal with President Saddam Hussein of Iraq.

The Islamic Republic is one of the few regional players which stands to gain from the uncertain outcome of events in the Gulf.

Iran's old enemy Iraq, facing international military and economic pressure over its invasion of Kuwait, has already yielded to Iranian demands and started to withdraw forces from Iranian territory.

The European Community said yesterday it was negotiating with Iran on improving relations, a move which coincides with hints from Washington that the US will shortly release $400m (£205m) in frozen Iranian assets.

"A nation was defending its own rights for 10 years, all alone by itself," said President Hashemi Rafsanjani referring to the war started *by Mr Saddam in 1980 and ended by* a ceasefire in 1988. "Yet it was accused of being fundamentalist and adventurist. Now everybody says it is clear who was the aggressor and who was the victim."

Iran can barely contain its delight at seeing Kuwait, which helped bankroll the Iraqi war effort, so humiliated. And the pleasure is magnified by the vindication of the late Ayatollah Khomeini's constant warnings to the small Gulf states that Iraq would turn on them once the war was over.

Iran, however, is anxious to appear the reliable power in the region and has tried to adopt a responsible attitude. It has condemned the Iraqi invasion while expressing concern about the build-up of US forces in Saudi Arabia.

Sheikh Sabah al-Ahmad al-Sabah, the exiled Kuwaiti Foreign Minister, *was welcomed in Tehran last month* despite persistent calls from a group of Iranian parliamentarians for the visit to be cancelled.

Benefits are already filtering through, with the US reviewing its trade ban on Iran and the British government announcing it will review its relations with Iran, broken off in 1989 over the Rushdie affair. The most dramatic gain has been the Iraqi president's public acceptance of Iranian demands for a peace settlement between the two countries.

President Ali Akbar Hashemi Rafsanjani has managed to pick up much of the credit for this, with praise heaped upon him by the press and government officials. Ayatollah Khomeini's son, Ahmad, thought by some people to be an enemy of Mr Rafsanjani, also praised him publicly, calling him "a sincere friend" and "a revolutionary character who *does not, even for a moment, forget* the Imam [Khomeini] and his ideals".

All this is a much-needed boost for Mr Rafsanjani, whose administration has been challenged by hard-liners in recent months over increased central control of the Assembly of Experts, an 82-man clerical body which chooses the spiritual leader.

Mr Ali Akbar Mohtashemi, the hard-line former Interior Minister and Tehran MP, launched a vicious attack on the government, calling its members "hypocrites" and "demagogues", accusing the leadership of trying to turn the Assembly of Experts into "a one-faction body". He also said negotiations with Iraq were motivated by "cowardly and conservative thought".

But the fact that these talks played a part in Iraq's effective capitulation to Iranian demands means that Mr Rafsanjani *has trumped Mr Mohtashemi.*

The release of one British and two American hostages from Lebanon this year has demonstrated that Mr Rafsanjani can also deliver to the west. Part of Mr Rafsanjani's policy of "not making enemies for ourselves" seems to involve toning down anti-American attacks. A demonstration against Iraq and the US called by a students' association was called off last month at short notice.

A more open foreign policy does not necessarily mean improved political conditions at home. In July, over a dozen signatories to a letter highly critical of the leadership and associated with the Freedom Movement of Mr Mehdi Bazargan, the Republic's first prime minister who lives in Tehran, were arrested.

Further arrests have taken place and one detainee, Mr Farhad Behbahani, has appeared on television to "confess" that the organisation used to broadcast CIA propaganda. This led to another 20 arrests last month.

The government has denied being involved in a number of assassinations of Iranian opposition figures abroad over the last 12 months. Dr Abdorrahman Qassemlou, the leader of the Kurdish Democratic Party of Iran, was shot dead in Vienna last year along with two fellow Kurds.

The People's Mujahedin, a prominent opposition group, has accused Mr Rafsanjani of masterminding the murder of Mr Kazem Rajavi, the brother of its leader, Mr Masud Rajavi, in Switzerland in June.

If Mr Rafsanjani seeks international respectability for Iran, western hostages are not the only issue, but Iraq's invasion of Kuwait has given him opportunities which he could hardly have hoped for six weeks ago.

Arab League to move HQ back to Cairo

By Tony Walker in Cairo

ARAB Foreign Ministers last night voted to move the Arab League headquarters back to Cairo from Tunis after 11 years. Just 12 representatives of the 21 Arab League members decided to re-locate the organisation's General Secretariat – in effect its headquarters – to the Egyptian capital. The other nine members of the League boycotted the meeting.

The Arab League, formed in 1945, was moved from Cairo to Tunis in 1979 in protest at Egypt's separate peace with Israel. Its return to Cairo is symbolically and historically important; but the failure of Iraq and its allies to endorse the move exposes the deep divisions in the Arab world following Iraq's August 2 invasion of Kuwait.

Last night's meeting was attended by Egypt, Saudi Arabia, Syria, Morocco, Kuwait, Bahrain, Qatar, the United Arab Emirates, Djibouti, Somalia, Oman and Lebanon. Those absent were Iraq, Jordan, the Palestine Liberation Organisation, Algeria, Tunisia, Mauritania, Sudan, Yemen and Libya. Baghdad bitterly opposed the move.

Representatives said the meeting did not try to elect a successor for Mr Chedli Klibi, the League's outgoing secretary-general, who resigned last week, because it lacked the required two-thirds quorum of 14 members.

Dr Esmat Abdel Meguid, Egypt's Foreign Minister who has been in hospital since a car accident at the weekend, sent a message, saying the League's return to Cairo had "brought matters back to their correct path".

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NEWS IN BRIEF

Many Palestinians reported expelled

PALESTINIAN trade unionists in the Israeli-occupied territories yesterday said tens of thousands of Palestinian workers and their families had been expelled from *Gulf countries in the last month because of Palestinian support for* Baghdad during the present crisis, writes Hugh Carnegy in Jerusalem.

The United Executive Committee of West Bank trade unions said that expulsions of Palestinians by Saudia Arabia, Qatar and Dubai alone totalled more than 53,000. Although the figure seemed high, many Palestinians in Gulf countries hostile to Iraq have reported being refused extension of residence permits.

French send in 100 troops

The French army has sent a detachment of 100 soldiers from its 3rd Combat Helicopter Regiment to the Red Sea port of Yanbu at the request of the Saudi Arabian government, writes Lara *Marlowe in Riyadh. A ministry of defence statement said that the* men will crew four Gazelle helicopter gunships and two Puma transport helicopters. Col Michel Rocolle, the French military attaché in Riyadh, said the deployment was "to show that we have interests in Saudi Arabia too".

Pakistan supplies for Kuwait

Pakistan will send food and medicines to its nationals in Kuwait and Iraq without breaking UN sanctions, a foreign ministry spokesman said yesterday, Reuter reports from Islamabad.

The first consignment of 20 to 25 tonnes will be flown to Amman within two days to be transported by road to Iraq to meet the needs of diplomats and other Pakistanis, he said.

UK Moslems on Gulf mission

Former pop singer Cat Stevens, or Mr Yusuf Islam, will today leave London on the latest "peace" mission to the Gulf, writes Jimmy Burns. As a leading member of the British Moslem community, he will head a five-man delegation in Baghdad comprising representatives of Britain's 1m Moslems, including the influential Bradford Council of Mosques.

The delegation will meet President Saddam Hussein and then fly to Jordan and Saudi Arabia.

Naval commanders in meeting

Naval commanders from 19 countries met yesterday for a second day to co-ordinate operations, Reuter reports from Bahrain.

Oil prices fall after summit

By Steven Butler

OIL prices fell back yesterday as traders concluded that a Middle East war looked less likely, after the US-Soviet summit at the weekend.

Brent oil for October delivery fell below the psychologically important $30 a barrel, and closed down $1 at $29.25 a barrel in London yesterday.

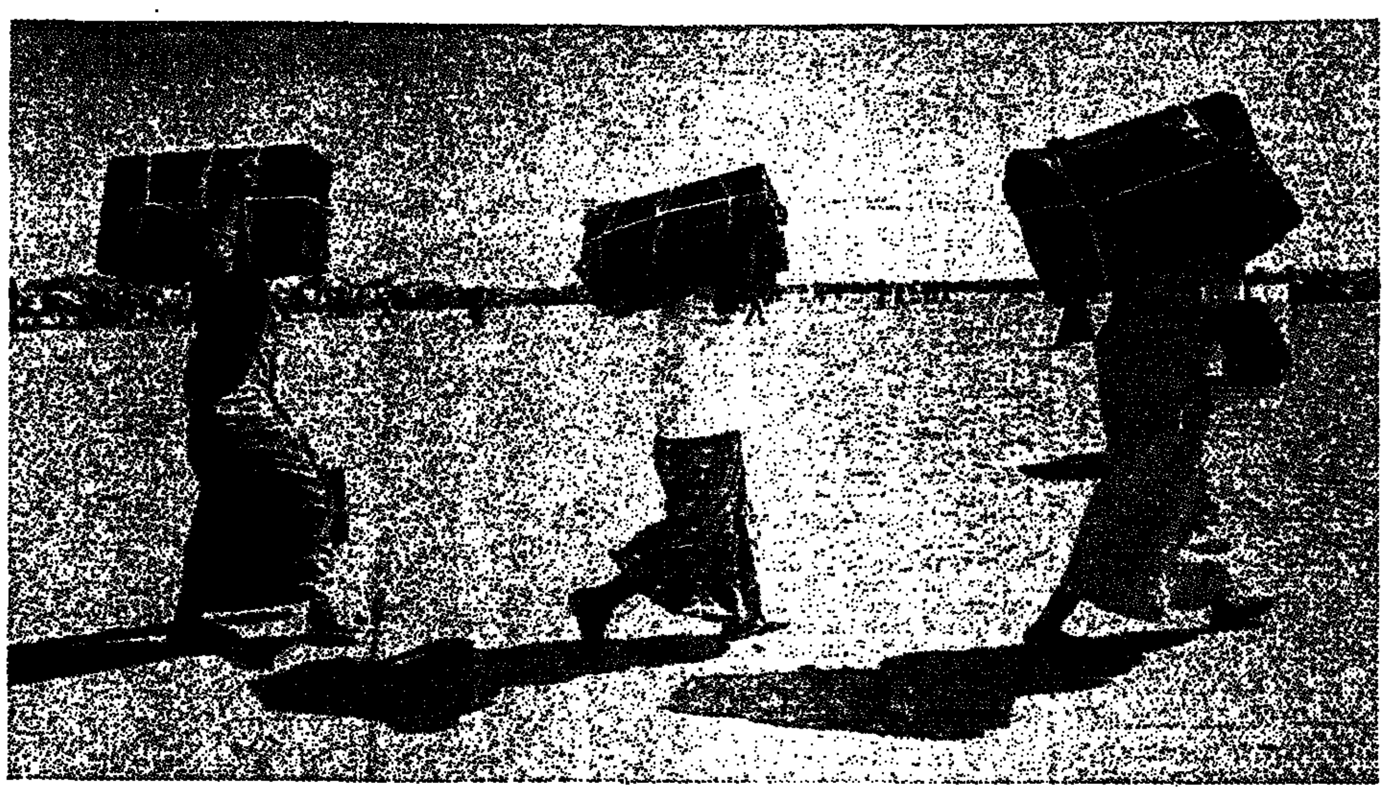
Soviet hesitation over use of force to resolve the crisis was also seen as staying the hand of the US in any possible attack on Iraq.

But steep falls in morning trading were later partially reversed by the speech of Iraqi *President Saddam Hussein,* who offered developing countries free oil.

The price fall was relatively small by recent standards, and high volatility was expected to continue. The decline was only partially reflected in refined-product markets. Premium gasoline in north-west Europe was off by about $6 a tonne at $414, keeping the price near record highs.

Most of the 4.3m b/d of Iraqi and Kuwaiti crude lost to world markets is expected to be made up by extra output from other members of the Organisation of Petroleum Exporting Countries.

Product markets are expected to continue tight, because of the loss of Middle East refined-product exports and the mismatch between refinery *processing capability and the* heavy crudes which have started to be produced in countries such as Saudi Arabia and Venezuela.



Three Asian refugees carry belongings to a waiting bus in a transit camp in the neutral zone between Jordan and Iraq yesterday

Hurd claims Britain and Japan 'as one'

By Ian Rodger in Tokyo

JAPAN AND the UK were "as one" in their determination to force Iraq to withdraw from Kuwait, Mr Douglas Hurd, the UK foreign secretary, said yesterday at a press conference in Tokyo following three hours of wide-ranging talks with Mr Taro Nakayama, his Japanese counterpart.

However, Mr Nakayama did not respond to Mr Hurd's urgings that Japan should be thinking of further financial contributions to the multinational forces in the Gulf.

"He did not add to the positions that the Japanese government has already taken," Mr Hurd said. Mr Ryutaro Hashimoto, the Japanese finance minister, has said that Japan cannot contribute any more to the multinational forces in the current fiscal year to March 31 1991 than the $1bn already pledged.

Asked if Japan was assuming the lead in the Gulf effort or was merely being pushed along by its allies, Mr Hurd replied, "I would say she is taking a willing part".

The two ministers' meeting was the latest in a regular annual series of exchanges between Japanese and UK foreign ministers aimed at deepening consultations on bilateral and international issues.

They published one joint statement calling for a satisfactory outcome to the Iraq crisis and another urging "the highest level of political commitment" to a successful resolution of the Uruguay Round of multilateral trade liberalisation talks.

Bush flies home with Gorbachev 'on his side'

By Lionel Barber in Washington

PRESIDENT George Bush returned home from his snap summit with President Mikhail Gorbachev in Helsinki exuding the kind of confidence which suggests a job well done.

Having enticed Mr Gorbachev out to sea off Malta, then into his golf cart at Camp David, Mr Bush seems to have pulled off yet another wheeze aimed at establishing a bond of trust with the Soviet leader.

Trust is important to Mr Bush. When someone breaks faith, the President gets mad. Ask King Hussein of Jordan. Mr Bush felt his old yachting mate misled him about Iraq's intentions towards Kuwait, and he let him know it when they met in Maine last month.

Now Mr Bush feels he has Mr Gorbachev on his side. Several commentators back home in the US are not so sure.

Evans and Novak, the syndicated columnists, wrote that it was hard to see what the Helsinki meeting achieved for US interests. "Mikhail Gorbachev, at death's door politically back home, showed he is still a master at the diplomatic table by getting back in the Mid East with American permission."

The two columnists have taken a curmudgeonly attitude to the US military build-up warning of quagmires and impulsive US interventionism. Yet their scepticism about what Helsinki achieved was shared by others on Capitol Hill and in the press.

Several fretted about Mr Gorbachev's public opposition to the possible use of US military force against Iraq; others such as Sen Robert Dole, Republican minority leader, said the decision to allow food and medicine into Iraq amounted to a crack in the UN embargo.

"We have about 90 per cent of everything in Saudi Arabia, the Soviets have nothing," complained Mr Dole. Soviet verbal support was akin to saying: "I'll hold your coat" if the Americans fight.

Much of the backbiting reflects the difficulty many American politicians, find in adjusting to a period where US/Soviet relations have improved dramatically, but still fall short of co-operation. "The two are still engaged in a global competition," wrote Tom Friedman in the New York Times, "but it is no longer the ideologically driven crusade of the Cold War."

Mr Bush knows this full well; so does Mr Brent Scowcroft, his national security adviser, and Mr James Baker, US Secretary of State. Having lived through the 1970s, when Soviet mischief in the Middle East and the Third World was at its height, the joint declaration in Helsinki therefore still amounts to a significant achievement.

Mr Scowcroft said on Sunday he was prepared to modify long-standing US policy to exclude the Soviets from the Gulf because of "strong indications they're playing a very responsible role really against their traditions against their alliance with Iraq."

However, this would not extend to supporting Soviet soldiers deployed alongside GIs in the Saudi desert. The most anyone is prepared to countenance is Soviet warships under UN auspices - nevertheless an important step. As significant perhaps as the most under-reported piece of news at Helsinki when Mrs Barbara Bush declared that a reformist Soviet Union now belonged to the Free World. Is Mr Bush listening?

Arab reaction to the Helsinki summit ranged from Iraq's bitter criticism to strong approval by the moderates, Tony Walker writes from Cairo. INA, the Iraqi news agency, said President Bush's refusal to link settlement of the crisis with the Palestinian issue reflected his "evil intentions." Saudi Arabia's daily al-Yom said the summit had sent a signal to President Saddam Hussein: it had "blocked the way for the thief of Baghdad by expressing determination to return the situation in the Gulf region to what it was before August 2".

Sanctions against Iraq: bitter pill for UK exporters

Ian Hamilton Fazey explains why up to a fifth of the north-east's exports may have been affected

DESPITE its name and location in the Pennine foothills, Rochdale Manufacturing is an Arab company owned by the Al-Thonayens, a Saudi family. Its general manager wishes to remain anonymous because he is an Iraqi exile opposed to Saddam Hussein and his family is in Baghdad.

Its main products are Arab headscarves, in white or red and white for men, and black for women. The cloth is cotton yarn from Switzerland, woven in Scotland and cut and stitched in Rochdale.

Kuwait was its big market. Turnover was about £3m last year. Now, 40 per cent of production has been wiped out by UN trade sanctions and 60 per cent of the workforce laid off.

Since there were only 25 of them in the first place, this may not seem as bad as first appears, but Mr Peter Coles-Johnson, chief executive of Leeds Chamber of Commerce and Industry, says that it is small businesses like this which are likely to suffer most as sanctions bite.

"Kuwait has always been good for smaller businesses because it is itself a small market offering comparatively little volume to larger exporters," he says. "Although one or two have been affected dramatically, many big companies, with a wider spread of export sales, are treating sanctions more as a nuisance."

But it is not just the Kuwait market that has been affected. The rest of the Middle East is lacklustre too. Rochdale Manufacturing's general manager says: "Our whole market has gone slack because people are nervous. We are not even selling our headscarves in Saudi."

Mr Stephen Welch, head of international trade at Manchester Chamber of Commerce says that UK companies are finding Middle East customers using up their stocks and saving foreign exchange while they wait and see.

After surveying its members, his chamber estimates that a fifth of north-west England's entire exports have now been affected either by sanctions or indirectly through jitters in the region.

Cash flow problems are appearing, although payments for goods already exported are in most cases insured by government export credit guarantees. However, materials bought for future orders are not covered, and neither is the cost of intercepting goods in transit and returning them to the UK.

Mr Stanley Wilson is export sales manager of Wigan's Triangle Valve Company. It survived the recession of 1980-82 by slimming down to less than 200 employees from more than 1,000 and switching 70 per cent of its former predominantly UK sales abroad.

With a fifth of its exports to the Gulf and a £100,000 contract with Iraq suspended, "it's going to take an awful long time to shift them into other markets," he says.

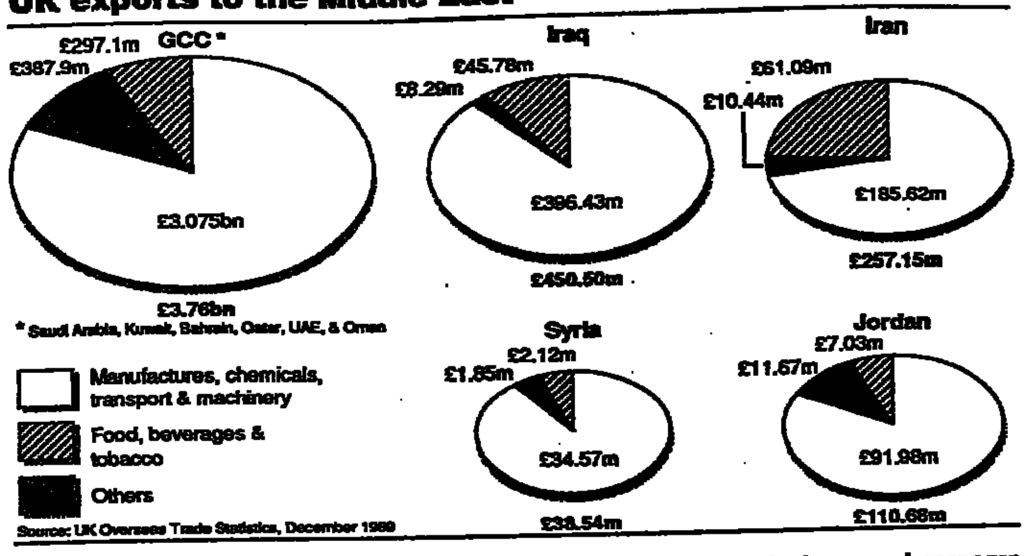
A sale of valves to Italy has also been hit because they were for plant destined for Iraq. Triangle's Italian customer has invoked a "force majeure" clause to renege on contracts.

With a £3m order book, Triangle is hoping to avoid cutting staff, but much will depend on competition in other export markets.

For example, Triangle has been doing well in Japan and South-east Asia, where it faces few European competitors. Italian valve-makers, which have a bigger proportion of their sales in the Gulf, are now likely to try to switch to the Far East.

The relative position of sterling against the other European currencies will have a critical effect on prices. Mr Wilson and others like him will be watching exchange rate movements in all the world's regional markets with understandable trepidation.

UK exports to the Middle East



Source: UK Overseas Trade Statistics, December 1989

Kuwaiti citizens may get up to £50,000 each

THE Kuwait government in exile is studying a plan to lend up to £50,000 each in emergency loans to its citizens worldwide, according to a Kuwaiti banker, Reuter reports from London.

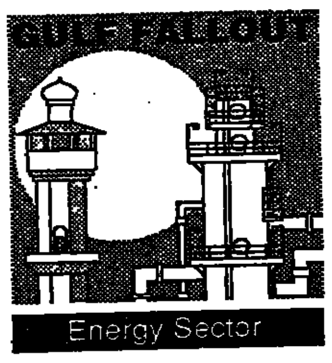
The credit would be made against an individuals' proven assets in Kuwait. The finance ministry in exile, which controls an estimated total of \$100bn (£51.28bn) would provide funds for the scheme.

Kuwaiti banks would act as agents for the government and the National Bank of Kuwait would administer the system, the banker said.

The recipients of the proposed loans would be Kuwaitis living in Europe and Asia, the banker said. Some Kuwaiti businessmen are reported to have had problems with the UK freeze on the occupied country's assets. The Bank of England freeze allows Kuwaiti individuals to draw reasonable amounts for living expenses and to meet some bills.

Oil companies cautious over price windfall

By Steven Butler and David Thomas



CASH flowing into the pockets of oil producing companies increased instantly when the first Iraqi tanks crossed the Kuwaiti border on August 2. In a reflection of the speed and efficiency of modern-day oil markets, Tokyo traders had the first crack at bidding up crude and refined product prices while London slept.

Energy production however is a long-term business. Six weeks into the Gulf crisis, many are trying to ponder the full impact of events which promise reshape the industry in the years ahead. Higher crude prices will have different impact on different sectors of the energy industry, and could alter the pattern of demand for fuels, even though it is too early to map out precisely what changes will emerge:

● Oil: Most oil exploration companies were expecting a rise in inflation-adjusted oil prices in the years ahead and had planned exploration activities accordingly. Prices for international oil assets had been rising steadily, and drilling activity in the North Sea this year was expected to hit a record.

What will the oil companies do now that they instantly have so much more cash than expected?

"It is the long-term price expectation that guides your investment profile," says Mr John Walmsley, finance director at Enterprise Oil, the UK oil independent. "It is arguable that you may have put \$4 to \$5 on a barrel of oil over [the long] term."

However, Mr Walmsley says that after having spent four to five years cutting costs to adjust to low oil prices, many companies are not yet prepared to believe that the good old days are back to stay.

Mr Norman Davidson-Kelly, a director at Lasmo, the oil independent, says: "For planning purposes we're keeping our oil price forecast as it is."

None the less, many companies are certain to want to spend some of their unexpected cash windfall. Most companies are now planning 1991 budgets. Mr Martin Lovegrove, head of Kleinwort Benson's petroleum mergers and acquisition group, predicted exploration budgets could rise 5 to 20 per cent next year in different companies, and considerably more if prices stay high for three to six months.

Sales of oil assets between companies are expected to go into a temporary slowdown as sellers look for much higher prices, while buyers are not yet prepared to pay up.

● Gas: European gas prices will rise in the months ahead as most sales contracts are linked to movements in oil product prices. However prices stand to go higher on the continent than in Britain, where British Gas contracts are less directly linked to oil.

In the US gas prices are determined by a spot market and would only rise in the event of large-scale switching from oil to gas or, over the long term, in response to much higher gas demand.

Mr Jonathan Stern, head of the energy programme at the Royal Institute of International Affairs, believes the Gulf crisis will accelerate a trend toward increased use of gas and may eventually lead to a weakening of the link between gas and oil prices as more gas is used in electricity generation.

● Coal: In theory, coal ought to benefit from the oil price hike, but this may not happen.

Many industrial customers have little scope to substitute coal for heavy fuel oil – at least in the short term. This is particularly true in the UK, which imports relatively little coal. "The coal industry worldwide mainly competes with itself," says Mr Malcolm Edwards, British Coal's commercial director.

In most industrialised countries, coal stocks are high. Mr Edwards says that at most the Gulf crisis has helped to prevent a further decline in world coal prices.

Contracts covering many opencast coal operations worldwide contain escalators which increase the price of opencast coal in line with that of heavy fuel oil.

British Coal in particular is more concerned about the escalating exchange rate (itself partly due to the UK's oil surplus).

Adelaide's 'city of future' faces old problems

Kevin Brown and Robert Thomson report on prospects for a hi-tech foreign enclave

TO MOST Australians, Adelaide is an elegant but dull bastion of provincialism with uncomfortably strong vestiges of the English colonial heritage. Most Japanese have probably never heard of it. So it was a surprise to both nations when Adelaide was chosen as the home for a joint project between the Japanese and Australian governments to create a high technology "City of the Future," clumsily titled the Multi Function Polis (MFP).

To the Labor government of South Australia, the selection of the state capital for such a prestigious international project is an opportunity to transform Adelaide into a rival to Sydney and Melbourne, Australia's two major cities.

But the government will first have to overcome opposition generated by resentment about rising Asian immigration and fear of domination by Japan. At its worst, the opposition takes the form of racist posters defacing Adelaide's spacious boulevards with slogans like "No Jap City Here". But there is more respectable opposition from the left-wing of the Australian Labor Party, worried about domination by Japanese capital, and the federal Liberal opposition, concerned about the prospect of a foreign "enclave" on Australian soil.

Astonishingly for such a major project, the MFP concept seems to have developed almost by mistake after a speech in Canberra by Mr Hajime Tamura, a former minister in the Japanese Ministry of International Trade and Industry (Miti).

The concept had been mentioned in diplomatic circles before, but when Japanese officials make such well-meaning statements about life and philosophy they generally do not expect to be taken seriously. The point, at least before a Japanese audience, is more to convey the right sentiment than to provide a project blueprint.

Site of the proposed new technopolis to house 100,000 people, many from Europe, the US and Japan

So there was general surprise in Tokyo when the Australian federal government quickly embraced the idea and ordered a feasibility study. Miti rang round Japan's largest companies to provide the necessary corporate support, which eventually involved 84 companies, including high-profile names such as Mitsubishi, Sumitomo, Taisei and Kajima, Kawasaki and Kobe Steel.

On the Australian side, around 60 private sector companies participated in the study, including BHP, the country's biggest company, and Westpac, its biggest bank. Initially, the joint committee carrying out the study chose a site on the Gold Coast in Queensland, the north-eastern "sunshine state" well-known to the Japanese as a tourist resort and target for extensive property investment. Adelaide got the nod when the Queensland Government proved unable to unravel complicated land tenure problems on the Gold Coast.

But having chosen a site, the committee did very little to define the project, and airy statements to the effect that MFP would be a "technopolis," or a "biosphere" which would offer "renaissance living" did little to swing public opinion behind it. The committee's reticence left the field clear for the scaremongers, especially when a report on the project from the National Institute for Economic and Industry Research suggested the city would not be viable with a population of less than 200,000, of whom 80 per cent would be foreigners.

Suddenly there were all sorts of rumours: the MFP would be the gambling centre of the Pacific; the centre of a computerised Asian shopping system; a centre for "Americanising" Asian films; the launch pad for a Japanese takeover of Australia.

Undaunted, the South Australian government has put together a sober proposal on a relatively modest scale which may yet win over sufficient opponents to get the go-ahead. The key is a reduction in the size of the proposed city to 100,000, of whom 80 per cent would be Australians, and perhaps 10 per cent Japanese, balanced by an equal number of other foreigners, mainly Europeans and North Americans.

Fears of a "foreign enclave" have been further dispelled by the choice of a site on wasteland in the suburb of Gillman, just 20 minutes from the centre of Adelaide, where the MFP will be an integral part of the city. Mr Colin Neave, director of the state government's MFP office, denies that the focus has been deliberately shifted away from Japan to mollify opposition.

But the government is making much of the state's existing links with European companies such as British Aerospace and Philips, and a government roadshow will tour Europe this month to drum up interest in the idea. It is also making much of the fact that the city is the centre of Australia's motor manufacturing and defence industries.

South Australia has also put some flesh on what the city would do, and how it would be financed. The core is a plan to use the state government's purchasing power to set up an information exchange utility, similar in concept to the French Minitel system, but more advanced. The government also plans a privately-funded university to promote research and attract fee-paying students, and a transport hub to take advantage of Adelaide's position on Australia's main east-west axis.

Officials say there is serious interest in the information utility, which would have spin-offs for participating companies in areas such as software development, as well as potentially large sales of hardware in Australia. The government also says the cost of the city would be significantly lower than the A$13bn (£5.5bn) estimated. Most of the cash would be provided by private investors seeking a profitable stake in the information, university or transport facilities.

However, around A$6bn of public investment would be required, including A$4.8bn from overseas governments, which would have to be convinced by South Australia's assurances that the expertise gained from the construction phase and from subsequent research would outweigh their investment. Mr John Bannon, the state premier, says the MFP project is now "an international project, not a bilateral one," and claims the state government's plans have reduced the level of hostility and prejudice in Adelaide to the lowest in the country. A final decision on the project will be taken in the Spring, following further talks between the state and federal governments.

Fall sought in Japan's land prices

By Michiyo Nakamoto in Tokyo

MR Yasushi Mieno, governor of the Bank of Japan, yesterday added his voice to those who favour a fall in Japan's land prices, saying he would welcome a gradual 20 per cent decline.

Mr Mieno told Japanese and foreign journalists that although a rapid fall in land prices would have an adverse impact on the country's financial system, he would like to see the myth of ever rising land prices in Japan shattered.

This widely-held view had fuelled the recent surge in property prices, creating wide discrepancies in wealth. Increasing calls for reforms to correct these have been countered by concern that a fall in land prices would adversely affect the nation's economy.

Japanese banks, which have relied heavily on the latent value of the country's spiralling land and stock prices, would be particularly badly hurt by a big decline in land prices, following this year's stock market decline.

Mr Mieno warned against banks depending too heavily on property assets to support their lending activities. Yet, while it was desirable for banks to reduce their dependence on property assets and for Japanese land prices overall to gradually fall, monetary policy alone was not enough to bring about such a major change, he stressed.

Much more comprehensive measures, including the introduction of tax changes that are now being studied by the government, were needed for that.

Mr Mieno's remarks reinforced the view that the governor would not be displeased to see the Japanese asset bubble burst.

Airline paid fees 'out of fear of HK exchange'

Angus Foster in Hong Kong reports on the trial of former stock exchange chairman Ronald Li

MERCHANT bankers advising Cathay Pacific Airways on its stock market flotation in 1986 agreed to a demand from the Hong Kong stock exchange about brokerage fees because they feared the exchange would stop their business, the High Court in Hong Kong heard yesterday.

Mr Nigel Melville, a director of Baring Brothers in London and managing director of Baring Brothers Asia at the time, said he agreed to an exchange demand that brokerage be paid on shares being sold to Cathay Pacific's employees because the demand "appeared to represent a very real threat to our business".

Baring was joint adviser to the issue with Wardley, a subsidiary of Hongkong and Shanghai Banking Corporation.

Mr Melville appeared as a witness for the prosecution in the trial of Mr Ronald Li, former chairman of the Hong Kong stock exchange. Mr Li has pleaded not guilty to two charges of accepting shares in Cathay Pacific and Novel Enterprises, another Hong Kong company, as a reward for helping or not delaying their listings.

But Mr John Lloyd-Eley QC, cross examining Mr Melville for the defence, said the argument with the exchange, and a similar argument about a transaction levy, showed that Mr Li was "doing no favours" to the banks involved and could not therefore expect a reward.

He also accused Mr Melville of lying and said Baring devised a scheme to conceal from the public a placement of 132m shares to international fund managers. Mr Melville denied the allegations and said "there was no device and no concealment".

Mr Lloyd-Eley said the scheme was to be kept secret because the new issue was intended to be seen as broadening the base of Hong Kong shareholders and not overseas investors. He said the placement was described as a sub-underwriting exercise and that Baring and Wardley shared almost HK$9m (£600,000) in underwriting fees on the shares, even though they were being placed "firm" with investors.

Mr Melville said the fees were just part of an overall remuneration package which had been agreed with Cathay Pacific.

Earlier, Mr Melville told the court he had not found out about a placement of 500,000 Cathay Pacific shares from Wardley to Mr Li at the time of the listing until two years later.

Mr Li had telephoned Mr Keith Holman of Wardley and asked for shares.

Wardley sold him the shares and, because the issue was a success and the shares went to a premium, Mr Li made a profit of close to HK$800,000 on the transaction.

The trial is expected to last several more weeks.

Japanese get a taste of modern British culture with their Scotch

By Robert Thomson in Tokyo

TO the sounds of British jazz, the heads of Japanese government and industry were last night the first to hear a campaign to convince the country that British culture is more than the works of Shakespeare and the antics of Peter Rabbit.

The guests, among them Mr Toshiki Kaifu, the Prime Minister, and Mr Akio Morita, the Sony chairman, were told that the festival, called UK90, will "revolutionise cultural exchanges between the two peoples".

Over the next three months, Japan will be introduced to modern interpretations of Shakespeare, music from the margins of new wave, the Monty Python comedy classics, the Lindsay Kemp and Michael Clark dance companies, as well as a bit of Beatrix Potter and the works of William Blake.

Japanese like to think of Britain as a period piece preserved in fine Scotch whisky. That myth was helped along last night by the tasteful displays of several Scotch producers. Admiring these yesterday was Professor Yoshio Fukuoka, the president of a Tokyo medical college who, asked to list his likes in British culture, jokingly said "Shakespeare, Old Parr and Cutty Sark".

MR Douglas Hurd, the UK Foreign Secretary, and Mr Taro Nakayama, his Japanese counterpart, agreed yesterday that Japan and the UK should bring together aid experts in London soon to consider bilateral collaboration in assisting eastern European countries with knowhow, writes Ian Rodger in Tokyo.

He explained that Britain is a land of "gentlemanly habits and the Queen's English", and that all of his British friends are "very polite people".

The blend of Scotch and art was a theme of Mr Gaishi Hiraiwa, chairman of Tokyo Electric Power and honorary chairman of the UK90 advisory committee, who told the guests that he planned to have a Scotch on the rocks and read "Scotch on the Rocks", the mystery novel written by another speaker, Mr Douglas Hurd, the British Foreign Secretary.

Mr Hurd, assisted by Mrs Edwina Currie, a Conservative Party colleague who is in Japan for a tour of Toyota Motor production lines, suggested to the audience that UK90 "will show you *something* new" and "will, perhaps, surprise you".

"I say 'new' because sometimes we make the mistake of thinking we know everything about another culture. We have to bring our knowledge up to date," Mr Hurd said. As he spoke, an ice sculpture of Mt. Fuji framed by two British-looking columns slowly melted, and a few guests wandered over for a second serving of the Guinness on tap.

In Tokyo, UK90 will provide 56 nights of music, 160 theatre performances, 180 film showings, and 900 days of exhibitions, while 35 smaller cities will host performances from companies such as the Scottish Ballet.

Britain's past industrial might, also the stuff of romantic myth in Japan, is on display at an exhibition of classic cameras. There is the Periflex, the Una Camera of James A. Sinclair & Co., and the 1909 Sanderson, which could prompt visitors to contemplate why they are carrying Nikons and Minoltas.

Liberia's President Doe reported killed

THE US State Department said yesterday that it had been informed by Liberian rebels that President Samuel Doe had died of a gunshot wound suffered in a skirmish over the weekend, Reuter reports from Washington.

"We have been informed by various sources, including representatives of rebel forces, that President Doe died from the gunshot wound he suffered in the shootout with (rebel leader) Prince Johnson's forces over the weekend," the State Department said.

A State Department official said: "We've heard from a number of people out there that Doe is dead and we certainly have no contradictory information.

"We are in contact with a large number of people in Liberia. But short of actually seeing the body, you have to remain cautious."

The BBC also quoted one of its correspondents as saying that eyewitnesses had seen the president's mutilated body on display at a hospital.

Mr Doe seized power in a bloody coup in 1980. In the last few months of Liberia's eight-month civil war, he had remained barricaded at the presidential mansion in the capital Monrovia.

African crisis combines tragedy and farce

The aims of the peace-keeping force were too ambitious, writes Michael Holman

THE FIVE governments which contributed to the 3,500 strong West African peace force in Liberia must be rueing the day they decided to become embroiled in the country's civil war.

Sunday's capture by one of Liberia's rebel leaders of President Samuel Doe at the force's headquarters in Monrovia confirms its role not as an all-powerful arbiter, but as merely one of several players in a crisis that combines tragedy with farce.

Mr Doe's departure has not necessarily brought peace any closer. The cast still includes no fewer than five men who claim varying degrees of control in a confused and volatile situation.

- Brigadier General David Nimley, commander of the presidential guard, has taken over as leader of the government forces, based in the fortified executive mansion in Monrovia.
- Mr Prince Johnson, who captured Mr Doe and proclaimed himself president, has welcomed outside intervention.
- He remains bitterly opposed to Mr Charles Taylor, his former leader. Mr Taylor for his part has declared war on the peacekeeping force.
- Standing in the wings is Mr Amos Sawyer, head of an interim government established under the auspices of the Economic Community of West African States (Ecowas) but yet to be installed.
- And Lt Gen Arnold Quainoo, a Ghanaian, is the unfortunate peace force commander forced to take cover during the battle when Mr Johnson's men snatched a wounded Mr Doe from his headquarters.

Johnson, above, says he is now in charge after replacing Doe

Confused and unpredictable as the situation is, and helpless as the peace force now appears, there were nevertheless compelling reasons for some form of outside involvement.

An insurrection which began last December when Mr Taylor crossed into Liberia with a few score armed supporters rapidly gathered strength. But Liberia soon began a slide into anarchy. The split in the rebel ranks when Mr Johnson broke with Mr Taylor has led to bloodshed; but more devastating has been a tribal rivalry expressed with a ferocity and brutality almost unmatched in recent African history.

The worst single incident in a war marked by indiscriminate and often cold-blooded killing was the slaughter, by soldiers belonging to President Doe's Krahn tribe, of up to 600 civilians, mainly Gio and Mano people, sheltering in a church in the capital.

This atrocity may have proved the last straw for anxious regional governments, already alarmed by the disintegration of Liberia; the overall death toll was approaching 5,000, at least 400,000 Liberians were seeking refuge in neighbouring states, and Monrovia was short of food and without electricity or running water, leaving thousands of foreign nationals stranded.

Westerners were soon evacuated by a 220-strong US Marine force, still securing the American embassy in Monrovia, though taking no part in the fighting around them. African nationals have not been so fortunate, and their evacuation is far from complete.

But the venture may have been doomed from the start.

In the absence of any initiative from the United Nations or the Organisation of African Unity, the force was launched under a spurious mandate from Ecowas, a body whose sole objective is to increase intra-regional trade.

The Ecowas governments might have succeeded had they limited their objectives to evacuating their nationals in Monrovia.

But it grew into an ambitious, unrealistic plan to enforce a ceasefire, establish an interim government, and preside over multi-party elections within a year. Short of funds from the start, inadequately supplied, and facing formidable logistics problems, the soldiers were also ill-served by their diplomats. No ceasefire had been negotiated, a task which has been made more difficult by the fact that Nigeria – the force's main backer – has a record of support for Mr Doe.

The danger now is that the Liberian tragedy may suck in the would-be rescuers, and the bungled intervention rebound on Nigeria and Ghana.

More than 7,000 Nigerians and up to 4,000 Ghanaians are thought to be still awaiting evacuation in Monrovia. Refugees returning to Lagos have tales of their countrymen being picked out by Mr Taylor's men and slaughtered.

Such accounts create a predicament for Nigerian President Ibrahim Babangida, whose military government has sharply declined in popularity since it took power in 1984. His past support for Mr Doe is widely recalled, together with the failure to evacuate Nigerians quickly. Lagos's handling of the crisis is increasingly seen as a big foreign policy blunder.

Some West African diplomats now believe that the Ecowas force may have to review its objectives. "Unless our soldier can take control we may have to limit ourselves to the evacuation of our citizens," said one. "The alternative is a foreign policy fiasco."

Israelis move to encourage growth after devaluation

THE Israeli shekel slipped in value against the dollar by almost 2.75 per cent yesterday after the government devalued its pegged rate in advance of an economic growth package due to be announced later this week to cope with a huge influx of Soviet immigrants.

The flow of immigrants, now arriving at a rate equivalent to more than 200,000 a year, has prompted an urgent need to inject growth into the moribund economy to absorb them. Mr Yitzhak Moda'i, the Finance Minister, has responded by drawing up a series of measures said to include liberalisation to stimulate investment. They are due to be put to the cabinet for approval on Thursday.

As a scene-setting move aimed primarily at the all-important export sector, the median rate set for the shekel against a basket of foreign currencies was lowered on Sunday night by 9.1 per cent, to 2.4077. The currency is allowed to fluctuate by up to 5 per cent below or above that rate. In trading yesterday, the shekel stabilised at 2.08 to the dollar, compared with 2.02 last Friday.

The devaluation was a welcome, if much-anticipated, move for Israeli exporters who have complained that their competitiveness has been eroded by the failure of the shekel to devalue in line with domestic inflation.

But in a move the Finance Ministry described as indicative of Mr Moda'i's determination to allow a freer rein to market forces, the government simultaneously reduced the levels of foreign exchange insurance previously available to exporters.

Mr Yassir Arafat's guerrillas had control of the largest Palestinian refugee camp in Lebanon yesterday after crushing followers of terrorist Abu Nidal in three days of combat, AP reports from Sidon, Lebanon. Police said at least 80 people have been killed and 250 wounded since Friday, when Mr Arafat's mainstream guerrillas cracked down on the Fatah-Revolutionary Council in the Ein el-Hilweh shanty town. Abu Nidal's followers had hidden in a tunnel network under the camp.

Korean MPs boycott parliament

By John Ridding in Seoul

SOUTH Korea's national assembly opened its autumn session yesterday without opposition members, who resigned en masse in July in protest at the rushed passage of controversial legislation.

The ruling Democratic Liberal Party, which holds more than two thirds of the assembly's 288 seats, immediately adjourned the session for 10 days in attempt to negotiate an end to the deadlock.

Mr Park Joon Kyu, the national assembly speaker, appealed to both ruling and opposition lawmakers to compromise. He had earlier refused to accept the resignations of the opposition members.

The Party for Peace and Democracy, the main opposition party, which holds 70 seats, held a caucus yesterday and confirmed its earlier decision not to return to the assembly unless its demands, including an early election, are met. The government has consistently refused to hold elections before the scheduled date in 1992.

The PPD and the eight-member Democratic Party also demand that legislation which will reorganise South Korea's broadcasting system and the control structure of the armed forces, should be resubmitted to the national assembly. These two laws, along with 24 other bills, were rushed through in a matter of minutes at the end of July's national assembly session.

The opposition alleged that the new laws were aimed at tightening the government's control over the nation's broadcasting industry and that they placed too much power in the hands of the military chief-of-staff.

New Zealand PM promises to tackle the budget deficit

MR Mike Moore, New Zealand's new Prime Minister, promised yesterday to tackle a budget deficit threatened for next year but avoided specifying how he would do it, Reuter reports from Wellington.

Mr Moore, who has less than two months to revive the fortunes of the Labour government before elections, said he could not accept a deficit of NZ$2.5bn (£806m) forecast for the 1991-92 financial year.

"There is no way there's going to be a two to three billion dollar deficit. It's a projection," he told a news conference after chairing his first cabinet meeting as Prime Minister.

Mr David Caygill, Finance Minister, published the figure in his July budget, stressing that the projection would become reality only if the government did nothing to balance the books. Mr Caygill forecasts a budget surplus of almost NZ$5bn in the current year to June 1991.

Labour trails the centre-right National Party badly in opinion polls despite a sharp rise in its popularity since Mr Moore ousted Mr Geoffrey Palmer as Prime Minister a week ago.

The goods and services consumption tax (GST) would not be raised to bring in money to cover the budget gap, Mr Moore said. Borrowing from Mr George Bush's 1988 Presidential campaign Mr Moore said: "Read his lips, David Caygill has said there will be no increase in GST." Washington is now edging toward tax rises to tackle the budget deficit.

- A nationwide strike by the Harbour Workers' Union brought New Zealand ports to a halt yesterday and the country's only oil refinery said it would have to cut production if the dispute was not settled.

Nepal's king becomes mere figurehead

NEPAL'S King Birendra, the world's only Hindu monarch who once enjoyed absolute powers, will become little more than a figurehead under a draft constitution he accepted yesterday, Reuter reports from Kathmandu.

The King received the draft from the constitution recommendations committee at a ceremony in his palace. He stamped the document with the royal seal before giving it to interim Prime Minister, Mr Prasad Bhattarai.

In May, pro-democracy demonstrators took to the streets of Kathmandu and brought down the government appointed by King Birendra.

The draft constitution, transferring sovereignty from the monarchy to an elected government, will be promulgated by the king after Mr Bhattarai's government approves it.

Sri Lanka suffering under aid burden

By Mervyn de Silva in Colombo

SOME 930,000 displaced Sri Lankans in 410 refugee centres, having fled violence in the north and east of the country, are costing the government SRs30m (£400,000) a day – a burden which, in addition to soaring defence expenditure, is certain to knock the World Bank-IMF approved 1990 budget out of shape.

While the largest number are Tamils, several hundred thousand Moslems and Sinhalese from the ethnically mixed eastern province have also sought shelter.

The local Red Cross, assisted by a growing number of representatives from its Geneva headquarters, is bearing part of a new and mounting burden. More than half the number of refugees are children under 14.

The refugee problem undermines Sri Lanka's structural adjustment programme which the World Bank recommended to Sri Lanka's all-important aid consortium.

The donors finance 65 per cent of the island's development programme in July a supplementary vote of SRs2.5bn was passed on the annual defence budget.

In 1983, when the first racial eruption occurred, defence spending was only 1 per cent of gross domestic product. It it is now more than 6 per cent.

In a different computation of the "costs of political violence" in Sri Lanka from 1983-88, Professor John Richardson, a visiting US scholar, says that with the total outlay the country could have built three development projects similar to the important Mahaveli river irrigation and power scheme. The project is supported by the World Bank and financed by Britain, the US, Sweden, Canada, West Germany and Japan.

The refugee problem has a sensitive political dimension too. The exodus of Tamil refugees to the South Indian state of Tamil Nadu, across the narrow Palk Straits, led to Indian intervention in 1987 and the arrival of 60,000 Indian troops.

Last week, Mr M. Karunanidhi, the Tamil Nadu chief minister, claimed that 90,000 Sri Lankan Tamils had found shelter in his state.

He has asked Indian Prime Minister V.P. Singh to assume the role of "a neutral guarantor" of a settlement.

INTERNATIONAL NEWS

Keeping Tanzania's rusty economy well greased

Julian Ozanne in Dar es Salaam says smuggling can be a rational practice in an irrational economy

On a bright Saturday morning shining new Mercedes Benz limousines and four-wheel-drive Toyotas, bearing diplomatic and international aid plates, cram the potholed, dusty kerb outside a row of dukkas – small African shops – on the Old Bagomoyo road in Dar es Salaam.

Inside the wooden and corrugated iron stalls shelves are laden with luxurious imported products – Irish butter, Norwegian canned mackerel, Heinz baked beans, soaps, razor blades, beers from Germany and Botswana and jars of olives and jams.

Such a dazzling display of consumer choice is a rare sight in most of Africa's crippled economies where chronic shortages of foreign exchange combined with protectionist trade policies have resulted in a a dearth of imported consumer goods.

Part of the reason why Tanzania presents such a startling contrast is explained by the name locals have given to this three year old shopping centre – New Namanga – called after the bustling Tanzania-Kenya border town which has long been a centre for "magendo" – the rampant smuggling of contraband goods.

While much of the smuggling in Africa is usually explained as capital flight in response to rigid exchange controls, in Tanzania it has long been a necessary survival strategy – an economically rational form of behaviour in the face of economically irrational policies. One economist has even gone as far as to describe smuggling and the parallel economy as a "healthy reaction to the pathology of the state."

In Tanzania that "pathology", which afflicted much of Africa in the 1970s and 1980s, was expressed in a series of policies which discouraged farmers from producing for the official market.

These included an overvalued exchange rate, derisory prices paid by state-run agricultural boards which exercised a monopoly over marketing, taxes levied on export commodities, poor access to agricultural inputs and extension services and a rising scarcity of consumer goods which eventually led to a "goods famine".

In response, many peasants moved into subsistence agriculture, sold their produce on the unofficial internal markets for higher prices or smuggled their livestock, maize, wheat and beans across the borders into Kenya, Burundi and Zambia. They were able to bring back goods unavailable in Tanzania such as cooking oil, toothpaste, matches and cigarettes. Private industrialists, whose foreign exchange requests to the central bank were routinely turned down in favour of parasitic public corporations, smuggled cash crops such as coffee, ivory, gold and precious stones in return for convertible foreign currencies to purchase and illegally import vitally needed spare parts.

Some traders also made a fortune out of smuggling, foreign currency dealing and illegally importing luxury goods such as televisions and radios.

While much of the smuggling in Africa is usually explained as capital flight in response to rigid exchange controls, in Tanzania it has long been a necessary survival strategy – an economically rational form of behaviour in the face of economically irrational policies.

Like the Sussex smugglers of 18th century England, Tanzanian smugglers performed an essential economic role meeting unfulfilled demand. They provided the grease in a rusty economic machine which by the early 1980s came close to seizure.

Without smuggling, economists say, agricultural production, which in any case plummeted, would have fallen even further and industry, which operated on average at about 20 per cent of capacity, would have ground to a halt.

The volume of smuggling activity was always difficult to quantify until the Government introduced an "own-funded imports" scheme in 1985 which allowed Tanzanians who held foreign currency outside the country – people previously attacked as economic saboteurs – to import goods with no questions asked.

Under the scheme vital intermediate inputs, capital and consumer goods started pouring into the country and shopping centres like New Namanga began to appear. Last year it was officially estimated that $300m of imports came in through this channel. But economists and businessmen believe that figure is seriously under-reported and that the true amount may be as high as $500m – or nearly 40 per cent of the country's official import bill of $1.3bn.

Much of the foreign exchange for this scheme has been acquired through years of under-invoicing of exports and over-invoicing of imports (estimated by one economist to be as much as $800m between 1976 and 1986) and from corruption and illegal transfers by government officials.

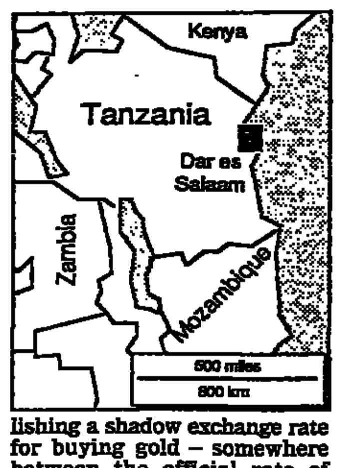
But the bulk of the money has been provided through ongoing smuggling activities. Hopes that the supply of illegal foreign exchange held offshore would quickly dry up have proved illusory.

Gold is a classic example. According to official figures in 1988 Tanzania produced 41 kg of gold, down from 201 kg the previous year.

But economists believe as much as 9 tons of gold is actually produced annually and smuggled out of Tanzania. A similar disparity between official and unofficial production occurs in the country's cardamom industry.

As part of a strategy to crack down on smuggling and force economic activity to go through official channels, the central bank recently announced it was taking over the buying and exporting of gold from the State Mining Corporation.

It also said it would pay attractive prices which would compete with those being offered on the black market. In practice this will mean establishing a shadow exchange rate for buying gold – somewhere between the official rate of Tsh191 and the parallel rate of Tsh280 to the dollar.



The Government has also begun an economic adjustment programme devaluing the shilling, increasing producer prices, liberalising trade and adjusting interest rates. An open general licensing system has been established accounting for about $150m of aid-funded imports in 1989. Together these measures have reduced the amount of activity on the unofficial market.

But unless further reforms are introduced to remove the incentives and necessities behind smuggling Tanzania's black market will continue to boom.

Shanghai to step up trade with Australia

By Peter Ellingsen in Peking

SHANGHAI, China's largest city and major market for Australian exports, believes Australia will be its main trading partner by end of the decade. In a meeting with Australia's Trade Minister, Dr Neal Blewett, Shanghai's influential mayor, Zhu Rongi, predicted that the city, which consumes about 60 per cent of Australia's $1.2bn exports to China, would substantially increase Australian imports.

"Within 10 years, Australia will be the country Shanghai buys most from," he told Dr Blewett on Friday. Zhu, the most senior politician Dr Blewett met during his one-week visit, specifically mentioned iron ore, wool and cotton, as well as possible co-operative ventures in high technology. It was the most optimistic signal Dr Blewett received in his negotiations, the first by an Australian minister since last year's massacre of pro-democracy protesters in Peking.

After the meeting, Dr Blewett said Canberra would consider co-ordinating trade deals with China as a way of avoiding the price-cutting that has characterised commodity – particularly iron ore – sales to China.

Referring to the way Canberra has played a part in ensuring market prices for commodities sold to Japan, he said: "I do think we are going to need to give some consideration to it."

China currently buys iron ore at a discount rate under an arrangement that has placed Australian producers, notably CRA and BHP, at a disadvantage. Attempts to scrap concessional pricing have so far not succeeded, though it is believed China has agreed to phase out the discount rate over eight years.

Dr Blewett said it was difficult for the Australian Government to guarantee prices for goods sold by private companies, but that "efforts to pull business groups together are important." He would raise the issue with his department and with the companies. "We are going to need to give some consideration to those sorts of issues," he said shortly before winding up the China visit.

Dr Blewett acknowledged Australia had shown "very poor" negotiating skills in dealing with China, and said there was a need to be "pragmatic and reasonably tough" in the future. "I do think there is room for Australia being firmer and more pragmatic," he said. "I think there are signs of that developing, certainly among our business people."

He said trade matters had to be "thought through, not just in the question of actually doing the deal, but in the way approaches are made in the first place."

Bilateral trade between Australia and China is expected to grow from $2.4bn to around $3bn this year. Australia's main competitors for the commodities market, notably in Shanghai – China's, manufacturing centre – are Brazil for iron ore, the US for wheat, Cuba for sugar and India for minerals.

Fiji plans media monitor

FIJI may establish a media commission to monitor local newspapers and radio and to hear complaints about unfair reporting, Ratu Inoke Kubuabola, Information Minister, said yesterday, Reuter reports from Suva.

He said the proposed three-person commission would probably be chaired by a former judge, with one media and one government representative.

"The commission would handle complaints about media misreporting," he said in an interview. "All we want is fair reporting."

Kubuabola said there had been meetings between media and government representatives on the issue. A plan to introduce annual registration of Fiji's newspapers would not go ahead, he said.

Prime Minister Ratu Sir Kamisese Mara recently pledged government support for press freedom. In comments carried in the Fiji Times, Mara said press freedom was guaranteed and protected in the new constitution.

WORLD TRADE NEWS

Japan turns up heat in rice row with US

By Robert Thomson in Tokyo

MR TOMIO YAMAMOTO, Japan's agriculture minister, has turned up the heat in the rice debate by suggesting laboratory tests show US rice presented to him by Mr Clayton Yeutter, US agriculture secretary, is inferior to the Japanese product.

During a recent visit, Mr Yeutter presented Japanese politicians with the US-grown rice as a gesture to encourage opening the country's closed rice market - a central issue in the Uruguay Round of multilateral trade negotiations.

But Mr Yamamoto told a conference of the ruling Liberal Democratic Party that "if we put our lives on the line, we can make it through the Uruguay Round". The Round, conducted under the General Agreement on Tariffs and Trade (Gatt), is due to be completed this year.

"The problem is what comes next," said Mr Yamamoto, apparently embarrassed when Japanese newspapers pictured him on receiving Mr Yeutter's gift last month. His comments about the rice debate continuing for "10 or 20 years" will surprise US officials, who are confident Japan has recognised the need to make a concession.

Mr Yeutter has argued that Japan would significantly contribute to the Uruguay Round by opening the market to limited imports; the sooner the reform, the greater the impact on other countries confronting difficult trade issues.

Mr Yeutter left Japan in late August, confident that a symbolic if limited market opening was likely before the end of December. But some Japanese officials are known to believe that Iraq has distracted the US from the rice issue and that lifting import curbs may not be necessary.

Mr Yamamoto told the seminar, which ended yesterday, that the US has pressured Tokyo to open the rice market as part of its campaign against EC restrictions on agricultural imports. "Targeting Japan is only a tactic, the real battle is between the US and the EC."

An argument arose between Mr Yeutter and Mr Yamamoto in May, when Mr Yeutter wrote a letter to the Japanese minister expressing his "distress" about comments that he was interfering in Japan's affairs. Mr Yamamoto suggested Mr Yeutter's letter showed "lack of concern about the principle of relations between nations during negotiations".

It was thought the relationship was mended during Mr Yeutter's visit, but Mr Yamamoto's latest comments to members of his party, which fears it will lose the farm vote at the next election, are likely to irritate US officials.

Mr Michael Armacost, US ambassador to Tokyo, told the LDP that if an exception were made for Japan on rice, other countries could seek exceptions from their Uruguay Round obligations. The US appreciated the political difficulty of opening the rice market, but many nations faced problems in trying to scrap protection of farmers. Without farm trade reform, the Round would fail.

Asean tries to avoid relegation to the periphery

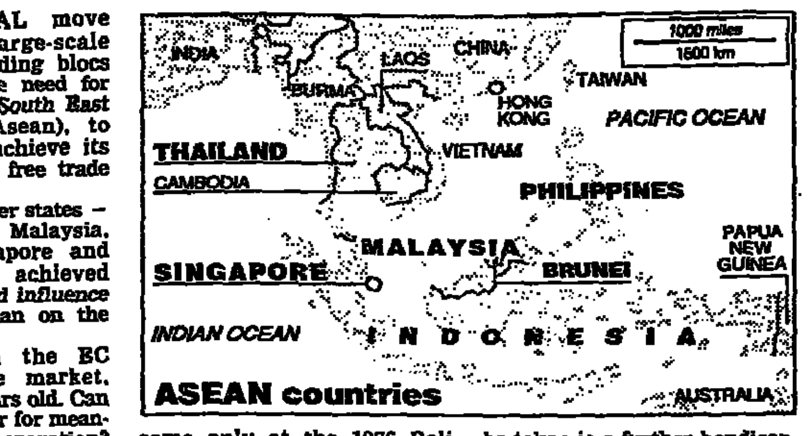
Increased political co-operation has not been matched by joint economic success, writes Joyce Quek

THE GLOBAL move towards large-scale regional trading blocs has highlighted the need for the Association of South East Asian Nations (Asean), to move quickly to achieve its original goals of a free trade area.

But the six member states – Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand – have achieved greater cohesion and influence on the political than on the economic front.

By 1993, when the EC becomes a single market, Asean will be 25 years old. Can it get its act together for meaningful economic co-operation? Its progress over the past 23 years suggests that it will have to accomplish a lot more in two years than it did in two decades before such hopes can be realised.

Asean was born in 1967 as a vehicle to accelerate economic collaboration and growth in the region. It has a marketplace of more than 300 million customers and a regional growth rate far higher than the OECD average. By 1993, no less than 25 per cent of Japan's total overseas production capacity will be located in Asean, noted Dr Noordin Sopiee, head of the Institute of Strategic and International Studies, Malaysia.



ASEAN countries

Asean's economic impetus came only at the 1976 Bali Summit, when the Asean Concord established the terms of reference for co-operation on basic commodities, regional industrial efforts, and a joint approach to international economic co-operation.

The conflicting policies of member states tend to make them compete rather than co-operate on the economic level. Except for Singapore, most members share a similar agricultural base. All are fighting for the same foreign investments and foreign markets, though the group does work together towards getting better terms from other countries and trading blocs.

The requirement for total agreement before action could be taken is a further handicap, with many failed attempts to break the inevitable deadlocks. Mr Lee Kuan Yew, Singapore's Prime Minister, suggested a 5 minus 1 consensus rule, so that a sole dissenter would not halt a project. That idea stalled and died.

Progress has therefore been less than satisfactory. For instance, of the five Asean Industrial Projects to meet regional requirements on basic commodities, three collapsed from controversy or high costs. Only the fertiliser plants in Indonesia and Sarawak were successes.

However, as tangible evidence of progress, Asean ministers cite the Preferential Trading Arrangements (PTAs) and Asean Industrial Joint Ventures (AIJVs). The PTA was introduced to lower tariffs on selected products of member countries with the proviso that sensitive items would be put on the exclusion list.

With countries juggling items to add to the PTA while keeping strategic products on the exclusion list, it had been reported that, under pressure to come up with a impressive list of items to be offered for tariff reductions, member countries "inflated the number to include irrelevant items or disaggregated items into detailed variants, each one offered as a single commodity for tariff preferences."

There are some bright spots, notably the so-called Golden Triangle of Singapore, Johore in Malaysia and Batam in Indonesia. Mr Goh Chok Tong, Singapore's prime minister-designate, mooted the idea of an industrial development in which its infrastructure and expertise can best be utilised to exploit the lower labour and land costs in Johore and Batam, where factories and offices would be established.

The fact that Singapore's neighbours have overcome concerns of sensitivity that two predominantly Muslim nations might be perceived as coming under the influence of an island with a predominantly Chinese population, attests to their faith in seeing no threat but overall benefits. Malaysia is extending the idea to a northern growth triangle with Indonesia and Thailand.

After all, Asean members have much in common, being market economies which value private ownership of the means of production, urge the private sector to be the engine of growth, and experience the same growth patterns.

Indonesia, with the largest market, lags somewhat behind its neighbours in development. It surprised the group when Mr Arifin Siregar, its Trade Minister, called for accelerated trade liberalisation, greater co-operation in industrial and joint venture projects and removal of trade barriers at December's Asean economic ministers meeting.

There has been co-operation in industry, mining and energy, transport and communications, trade and tourism, and agreement to accelerate the implementation of the AIJVs by the private sector. Seven joint projects in different sectors are under way. There are now 14,801 items on the PTA list.

Come 1993, 90 per cent of the goods traded in Asean will enjoy preferential treatment in each other's home market; only 2,776 items of the 6,860 items will remain on the exclusion. In addition the Asean submarine cable network will be almost completed and a Visit Asean Year will be promoted by all members.

There is today a greater awareness of the need for accelerated economic co-operation.As Dr Noordin said:

"We must act with determination and efficiency to strengthen Asean. We must concentrate on Asean cohesion and strengthen Asean capabilities." He warned that "if we are not careful and if we fail to respond to the present multi-directional challenges to Asean solidarity, it is possible that Asean will be peripheralised not only in the Pacific but also in the world and even within South east Asia."

Trade ministers of the 12-nation Asia-Pacific Economic Co-operation Group (Apec) began a three-day meeting in Vancouver yesterday in a further attempt to break the logjam in the Uruguay Round of multilateral trade negotiations, Bernard Simon writes from Toronto.

It is expected to focus on ways of closing the gap over the contentious issue of farm subsidies. It will also seek agreement for reductions in tariff and non-tariff barriers. on a wide range of products.

EC proposals 'could end US car parts competition'

By William Dullforce in Geneva

PROPOSALS on industrial design submitted by the EC and Nordic countries in the Uruguay Round trade talks could eliminate competition in the $9bn (£4.61bn)-a-year US market for car "crash parts", independent US makers and retailers of car spare parts say.

Their opposition to the proposals, tabled in intellectual property rights (IPR) talks in the Round, was spelt out to trade negotiators yesterday by Mr James Fitzpatrick, a Washington lawyer representing the US Coalition for Competitive Repair Parts.

If adopted, the EC proposal would help US car makers push through Congress legislation on industrial design effectively ending the competitive market for crash parts (basically fenders, mufflers, glass components and doors), Mr Fitzpatrick said.

Mr Fitzpatrick's coalition comprises big US insurance companies, independent parts makers, retailers and consumer groups. So far, it blocked legislation on industrial design copyright pending in Congress which, the coalition claims, would allow car makers a 10-year monopoly for their original equipment repair parts.

The coalition has published figures showing the sharp cuts in the prices of replacement fenders, doors and grilles, when the car makers have been subjected to competition from foreign and domestic spare-parts makers.

Competition, for instance, forced down Chevrolet's price for a spare fender for a 1980 Chevette from $129 in 1983 to $71 in 1989. US consumers spent $52bn in the "after market" for car repair parts in 1988.

Under the EC proposal to the IPR talks in Geneva, industrial "original or novel" designs would qualify for protection. US spare part makers say this wording would broaden the definition of industrial design enough to meet the car makers' claims to copyright on crash parts.

The spare part makers prefer the wording of a US proposal tabled in May which would protect industrial designs which are "new, original, ornamental and non-obvious". That proposal reflects current US design patent laws.

China's re-admission to Gatt is still 'on hold'

THE US and EC delegations to the General Agreement on Tariffs and Trade (Gatt) have so far received no instructions from their governments to change their position on China's re-admission to the organisation, William Dullforce reports from Geneva.

Peking has said it is sending a team to Geneva to renew its application. The working group of Gatt members examining China's eligibility put the application on hold after the Tiananmen Square disturbance in June, 1989.

The group is due to meet on September 20. Chinese officials said their government was persisting with economic reforms to bring its trade policy into line with Gatt.

● Reuter reports from Peking: China's National People's Congress has adopted the nation's first copyright law, which does not protect works banned by Chinese law, the official New China News Agency said.

The law becomes effective on June 1, 1991. Chinese authors and foreigners are protected. The law covers copyrighted works of literature, art, natural sciences, social sciences, engineering and technology, whether published in written, oral, musical, and photographic form, or as film, video or computer software.

Copyright remains valid for an author's lifetime and 50 years after death.

Taiwan sweater duties 'unfair'

THE US decision to add stiff anti-dumping duties to existing quotas on Taiwanese synthetic sweaters is excessive "double protection", Taiwan said yesterday, Peter Wickenden reports from Taipei.

The US International Trade Committee has ruled that Taiwan was dumping synthetic fibre sweaters on the US market and decided to apply a 21.38 per cent duty. Mr P.K. Chiang, vice-economics minister, said the measure was technically legal, but was unfair, if used unduly.

Taiwan would wait for the full ITC report before responding. The ITC had used sales figures of only 11 makers in making a ruling affecting 300 companies. Taiwan's sweater makers will appeal through the US International Trade Court.

Washington looks ahead to life without Barry

By Lionel Barber in Washington

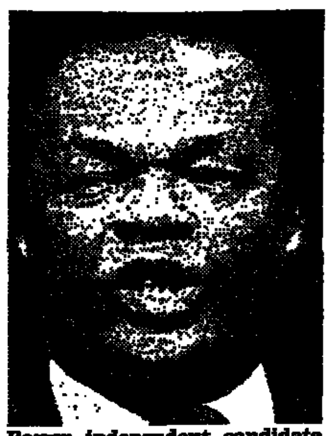
VOTERS in Washington DC, the capital city whose troubles include violent crime, drug trafficking, and now a severe economic downturn, will today take the first step toward choosing a successor to Mayor Marion Barry.

Mr Barry, who is awaiting sentencing for a single drug possession conviction, announced he would not seek re-election at the start of his drug and perjury trial this summer.

Slowly, for the first time since 1978, when Mr Barry first won office, Washington has begun to wake up to the notion that there is indeed Life After Marion.

Of the five Democratic candidates, Mr John Ray, a former city council member, is the front-runner. Softly-spoken, verging on bland, Mr Ray, 47, has raised more money than his rivals in a well-organised campaign which has given little clue as to how he will cope with the city's $100m (£51m) budget deficit.

His nearest rival seems to be Ms Charlene Drew Jarvis, 49, another city council member, who has been hurt by questions about her fund-raising ties with contractors. The dark horse is Ms Sharon Pratt Dixon, a 46-year-old lawyer whose finger-wagging lectures on ethics and fiscal rectitude are reminiscent of Mrs Margaret Thatcher. The Washington Post, which wants to "clean up" the city, has given Ms Pratt Dixon several ringing endorsements.



Barry: independent candidate next time

Among the outsiders is Mr Walter Fauntroy, 57, a former civil rights activist and non-voting member of Congress since 1971, whose campaign has sputtered. Mr David Clarke, 46, chairman of the council, is well liked for his strong civil rights record, but as the only white in a polarised city with 70 per cent black population, he has fewer divisions than the Pope.

The unopposed candidate in the Republican primary is Mr Maurice Turner, the former police chief, who is running on a law-and-order platform. Because 90 per cent of the city's registered voters are Democrats, Mr Turner's chances of making an impact must be viewed as slim.

As for Mr Barry, he plans to run for a city council seat in November as an independent candidate. Canny as ever, he has withheld an endorsement for any of his former Democratic colleagues, though it is unclear just how much any of the candidates would welcome Mr Barry's backing. Mr Barry was the subject of an elaborate "sting" operation by the Federal Bureau of Investigation mounted last January, in which he was videotaped inhaling "crack" cocaine.

The 83-minute tape was the centrepiece of the prosecution's case against Mr Barry, who faced 14 perjury and drug possession charges.

Prosecutors made the tape available to the press and television, but the move backfired and provoked accusations that Mr Barry had been entrapped.

Budget advisers pessimistic

PRESIDENT George Bush's top budget advisers were increasingly pessimistic yesterday about chances of a quick deficit-cutting deal in time for a planned address by Mr Bush to a joint session of Congress tonight according to White House spokesman, Mr Marlin Fitzwater, AP-DJ reports from Washington.

The Treasury Secretary, Mr Nicholas Brady was "pretty pessimistic this morning," said Mr Fitzwater. He added that the Chief of Staff, Mr John Sununu indicated to the President that there were still wide disagreements on almost all areas in the budget, including taxation, spending cuts and the military budget.

"We are still hopeful, but looking less and less optimistic," Mr Fitzwater said.

Earlier yesterday Mr Richard Darman, Budget Director, sent to Capitol Hill a blueprint outlining how across-the-board budget cuts will be implemented if negotiations with Congress fail to reach a consensus on how to pare back the deficit.

Mr Fitzwater said the administration is making "all preparations" in case a sequestration is necessary.

The talks became bogged down late on Sunday night after three days of discussion and negotiators scuttled a plan to meet with Mr Bush at the White House early yesterday.

Instead, the budgeteers resumed their talks at Andrews Air Force Base.

Among the most contentious items appears to be a disagreement over which taxes to raise, with Democrats insisting on higher income tax rates for wealthy citizens while Republicans demand a steep drop in the capital gains tax.

"We'll stick with it and we'll see how long it takes, but we're also getting close to October 1 here," Mr Fitzwater said.

Mr Fitzwater said President Bush would talk about the budget at least to some extent during his address to a joint session of Congress scheduled for tonight. The speech is primarily focused on the Gulf crisis. Even if the negotiators do not break the impasse, President Bush is likely to tread lightly when criticising the budget summiteers.

Argentine adjustment wins results

By John Barham in Buenos Aires

ARGENTINA'S central bank is beginning to see the fruits of its tight money policy in the shape of a strong revaluation of the austral, the Argentine currency.

The austral's value rose after the Government introduced last week the fifth adjustment policy in as many months to stabilise its finances and reduce inflation. At lunchtime yesterday, the US dollar was fetching 5,900 australs, compared with a peak of 6,500 australs at the end of August.

Currency markets are responding to high interest rates and a promise by Mr Javier Gonzalez Fraga, central bank president, not to expand the money supply in September. Benchmark interest rates have risen to 260 per cent a year, almost double the rate of 10 days earlier. None the less, analysts expect inflation this month to remain close to August's 15.3 per cent.

The austral's revaluation makes life difficult for exporters. Inflation has risen by 1,697 per cent in the past year but the austral has been adjusted by less than half that amount.

The dollar is losing ground since demand for imports is weak. Prices for locally made goods tend to be higher than for imports, but retailers are dubious of placing orders because, like most Argentines, they doubt the Government's ability to hold down inflation and defend the austral.

Mexico to sell state steel consortium

By Alan Robinson in Mexico City

MEXICO'S state steel consortium Sidermex, made up of the Lazaro Cardenas-Las Truchas complex (Sicartsa) and Altos Hornos de Mexico, will be sold off to private investors, the government has announced.

Sidermex has been transfered to the Finance Ministry's privatisation unit, which will start the process immediately. Mr Pedro Aspe, the Finance Minister, automatically becomes president of the steel group in place of Mr Fernando Hiriart, the Energy and Mines Minister.

"Sicartsa and Altos Hornos require a serious modernisation process, which implies a renovation of obsolete machinery and equipment," the government said. An overhaul of costs and prices at the Sidermex plants was also urgent. Some of the metals produced by Sidermex bear prices up to 76 per cent higher than similar ones made abroad.

Mr Aspe also announced that the government assumed the consortium's debt on May 31, in an effort to make it more attractive to domestic and foreign investors.

Both plants showed a profit in the first half of this year, with Altos Hornos making 144m pesos ($50,700) and Sicartsa 24bn pesos, he said. Government investment in Sicartsa alone between January and June came to about 194m pesos.

The privatisation unit under Mr Jacques Rogozinsky will begin to seek potential buyers for the two plants immediately. They will meanwhile "continue functioning normally", Mr Aspe said. The Finance Ministry has not yet decided what proportion of foreign investment would be permitted.

● Mexico's inflation is staying stubbornly high, with the accumulated rate for the first eight months of the year reaching 19.3 per cent in August, against only 11.5 per cent in the same period last year. Banco de Mexico figures show inflation over the last 12 months of 28.1 per cent.

In order to meet the government's latest 25 per cent forecast for the year, prices would have to rise by not more than 1.2 per cent a month for the rest of the year, a possibility not rated highly by private sector economists.

Inflation for the month of August was 1.7 per cent, against 1.8 per cent in July and only 1 per cent in August last year. Current inflation rates present a stumbling block to the government's desire to continue reducing domestic interest rates.

Brazilians urged to unite against inflation

By Christina Lamb in Rio de Janeiro

BRAZIL'S President Fernando Collor made a public appeal yesterday for a "grand alliance of all Brazilians" to help the fight against inflation.

Speaking on national television, he said: "There cannot be a democracy without political leadership, nor can democracy exist without a society disposed towards dialogue. The government and society must look for common points. Brazil has begun to change and in this new situation I'm appealing for national understanding."

Referring to the government's so far unsuccessful attempts towards a social pact with unions and business to end price and wage increases which have prevented monthly inflation coming down from double figures, Mr Collor said: "The government wants dialogue and we have opened channels with political parties, social organisations, businessmen, unions, everyone."

In a 45-minute speech in which he summed up the achievements of his first six months in office, Mr Collor said: "The Brazil we encountered on March 15 was a sick organism. Brazilians were pessimistic about the future and relations with the international financial community were shattered.

"Reform of the state, privatisation, deregulation, free wage bargaining, a floating exchange rate that we have instigated, are not just operational aspects of an economic programme but have created a new mentality. The war against inflation is already a conquest."

Apart from the drastic economic changes that Brazil is undergoing, the other major theme of the president's speech, his longest and most important since taking office, was human rights.

Last week a report by the human rights organisation Amnesty International denounced Brazil for allowing increasing torture and extra-judicial execution of children.

Mr Collor said: "Human rights is now the government's main cause and children are our number one priority."

Chicago soyabean futures traders' trial begins

By Barbara Durr in Chicago

THE last of three scheduled trials arising from the Federal Bureau of Investigation's undercover probe of the Chicago futures exchanges began yesterday. The defendants are 11 soyabean futures traders accused of cheating customers.

The government's hand was considerably strengthened last month when two of the original 13 defendants pleaded guilty and agreed to co-operate with the prosecution.

Government prosecutors were unable to make charges of racketeering stick in the first trial arising from the investigation, against three Swiss franc traders. The jury was unable to return a verdict on most of the charges, including racketeering, and the three men are to be re-tried.

However, in the latest case Mr James Nowak, one of the two soyabean traders to plead guilty, has admitted to a racketeering conspiracy.

This is the most serious charge in any of the trials and carries a maximum sentence of 20 years in prison and forfeiture of all personal assets acquired with the proceeds of the conspiracy. Mr Nowak's plea was submitted in return for a reduced sentence.

Newsprint mills picketed

By Robert Gibbens in Montreal

ABOUT 1.2m metric tonnes, or 12 per cent of Canada's newsprint capacity, has been shut down in pay dispute between Abitibi- Price, controlled by the Reichmann family of Toronto, and the Canadian Paperworkers' Union.

The union set yesterday as a strike deadline if negotiations had not ensured a new three-year contract. Talks were continuing yesterday, but the union picketed seven Abitibi mills in Ontario, Quebec and Newfoundland, mostly newsprint producers. Two more mills may be picketed today.

Abitibi said the seven mills were shut down in an orderly fashion, affecting 62 per cent of its total capacity of 1.9m metric tonnes. Abitibi is North America's largest newsprint producer, but also makes fine papers and directory papers.

The CPU early this summer won an 18 per cent pay rise over three years at US-owned Stone-Consolidated and has been trying to make this a pattern in all Eastern Canada pulp and paper mills.

NEWS IN BRIEF

US citizens warned of attacks

THE US Government is warning its citizens not to travel to certain areas of the Philippines as talks begin on renewing US military base leases.

Mr Aquilino Pimentel denounced the US warning on Monday, saying it was part of a plan to move the venue of the talks from Manila to Washington. Discussions are expected to begin next week.

An agreement to maintain the six US military bases in the Philippines expires next September. A new treaty is required in order that they remain.

Last week, US authorities at Clark Air Base and Subic Bay Naval Base banned non-essential travel outside the facilities because of threats from the communist New People's Army.

Two US airmen were killed by rebels on the eve of the first round of the talks last May. The rebels, who are opposed to the bases, have warned of further attacks.

EUROPEAN NEWS

Soviet mayors fear unrest on Revolution Day

By Anthony Robinson in Moscow

THE RADICAL mayors of Moscow and Leningrad yesterday called for this year's October Revolution Day ceremonies to be limited to a simple military march past in Red Square.

Citing the tense political situation in the country, Mr Gavriil Popov, the mayor of Moscow, and Mr Anatoly Sobchak, the mayor of Leningrad, also called on all political parties to refrain from political activity on the three days surrounding the holiday in an attempt to prevent clashes between rival political groups.

"In the present situation, the celebration of the holiday could be another chance for unrest and we don't want this to happen," Mr Popov said.

Instead, local authorities should spend what used to be the Soviet Union's most important national holiday – held on November 7 rather than October 25, the day of the 1917 Bolshevik Revolution – making preparations for winter.

The mayors also called for the resignation of Mr Nikolai Ryzhkov, the Soviet Prime Minister. He has come under increasing attack from radicals for his alleged attachment to the old style command economy and the secretive bureaucrats of the military industrial complex.

"He should resign and be replaced by someone who can command the trust of the people and foreign investors and governments whose help is needed to make perestroika succeed," said Mr Sobchak, one of his fiercest critics.

He and Mr Popov attacked opponents of reform for imposing what they said was a virtual blockade of the nation's two biggest cities, aggravating shortages of bread, tobacco and other basic necessities.

Meanwhile, a group of leading US executives headed by Mr Robert Mosbacher, the Commerce Secretary, arrived in Moscow from Helsinki with the blessing of both the Soviet and American presidents, who discussed economic ties during their summit last weekend.

Mr Mosbacher unofficially inaugurated Moscow's first Pizza Hut fast food restaurant, hosted by Mr Don Kendall, chairman of Pepsico, which is running the new Soviet operation in a joint venture with the city council.

In a Soviet television interview from Helsinki on Sunday night, President Gorbachev singled out the oil, gas, food and aviation industries as potential areas of US-Soviet co-operation.

Senior executives of three leading oil companies, Chevron, Texaco and Armco, are represented in the delegation. Mr Jack Murphy, chairman of Dresser Industries, a long-term supplier of oil rig equipment to the Soviet Union, said the visit was an attempt by US industry to re-establish itself in a potentially important market which risked being taken over by European, Japanese and other competitors.

The long-awaited blueprint for the Soviet Union's transition to a market economy is now due to be presented to the Supreme Soviet today by Mr Nikolai Ryzhkov, the Soviet Prime Minister, after confusing last-minute changes.

President Mikhail Gorbachev, who last week was expected to present the programme in place of Mr Ryzhkov, will now simply attend the session, according to Mr Anatoly Lukyanov, chairman of the Supreme Soviet, the nation's parliament. This appeared to indicate that Mr Ryzhkov is still supported by Mr Gorbachev.

The new programme is aimed at redressing the deepening economic crisis. The fate of Mr Ryzhkov and his government hangs on parliament's reception of the economic programme, which has been worked out by two teams of economists starting from very different conceptual frameworks.

They have been closeted in a villa outside Moscow for weeks after an agreement in August between Mr Gorbachev and Mr Boris Yeltsin, the Russian president, to work out a joint programme.

Since then the economists have been trying to integrate the much-amended government plan for a "regulated" market into more radical plans for a 500-day crash programme of market orientated reforms elaborated by economists working for Mr Yeltsin.

'Breakthrough' over Soviet troop withdrawal

By David Goodhart and David Marsh in Bonn

THE Soviet Foreign Minister, Mr Eduard Shevardnadze, yesterday announced a breakthrough in the dispute over Germany's financial contribution to the withdrawal of Soviet troops from East Germany. It was the last serious difficulty in the "2 plus 4" talks on German unity due to be concluded in Moscow tomorrow.

"I believe there will be no further argument about the sums involved, a basic agreement has been reached," he told journalists in Moscow. Earlier reports in Bonn indicated that Moscow had asked for DM18bn (£6bn) but the Germans were only prepared to offer DM7bn. However, last night a compromise sum of around DM12bn was being mooted.

Chancellor Helmut Kohl and President Mikhail Gorbachev spoke briefly on the telephone yesterday about the disputed German contribution and today Mr Horst Köhler, a state secretary in the Bonn Finance Ministry, will fly to Moscow to work out the final details.

There remains some political juggling over the military status of the future united Germany, but that too is expected to be resolved by tomorrow. Mr Kohl has promised Mr Gorbachev that no Nato troops will be stationed on East German soil until the 380,000 Soviet troops in East Germany are removed by 1994. But the Soviets have been pressing further for no Nato troop manoeuvres and no dual-use (nuclear-capable) equipment in East Germany.

The western allies (US, the UK and France) have been resisting these Soviet demands, arguing that as Mr Gorbachev has agreed that the protective accords of the Nato charter will apply to the whole of Germany straightaway, Nato troops should be allowed to train on East German territory.

Yesterday Mr Gerhard Stoltenberg, the West German Defence Minister, ruled out immediate troop manoeuvres in East Germany by Nato forces. He left open, however, whether Nato aircraft might make training flights over East German territory.

There is also no final agreement on when to abolish the rights of the four victor powers which restrict full German sovereignty. The Germans had wanted the rights lifted on October 3 – unity day – but the Soviets insisted on holding on to their rights until parliamentary ratification of the treaty.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, has now accepted that there may be a transitional period during which the victor powers' rights continue, theoretically, to apply. Discussions are continuing over a British compromise under which the four victor powers would suspend their rights after October 3.

Mr Stoltenberg argued strongly that Nato troops should remain in Germany after the Soviet pull-out. He said 150,000 to 170,000 western allied troops would remain in the second half of the 1990s, compared with 410,000 now. He also called on the Soviet Union to cut its manoeuvres on East German soil after German unity.

A farewell to East German arms

Leslie Colitt on the fate of an army whose days are numbered

EAST GERMAN army officers, facing unemployment or painful absorption into the West German Bundeswehr, are busy fighting a rearguard battle for survival.

Already the 170,000 highly-trained soldiers of the National People's Army, which once faced Nato forces across the world's most heavily fortified border, have shrunk to a bewildered force of 98,000. By November a further 82 generals and admirals and 2,246 officers over 55 will be retired.

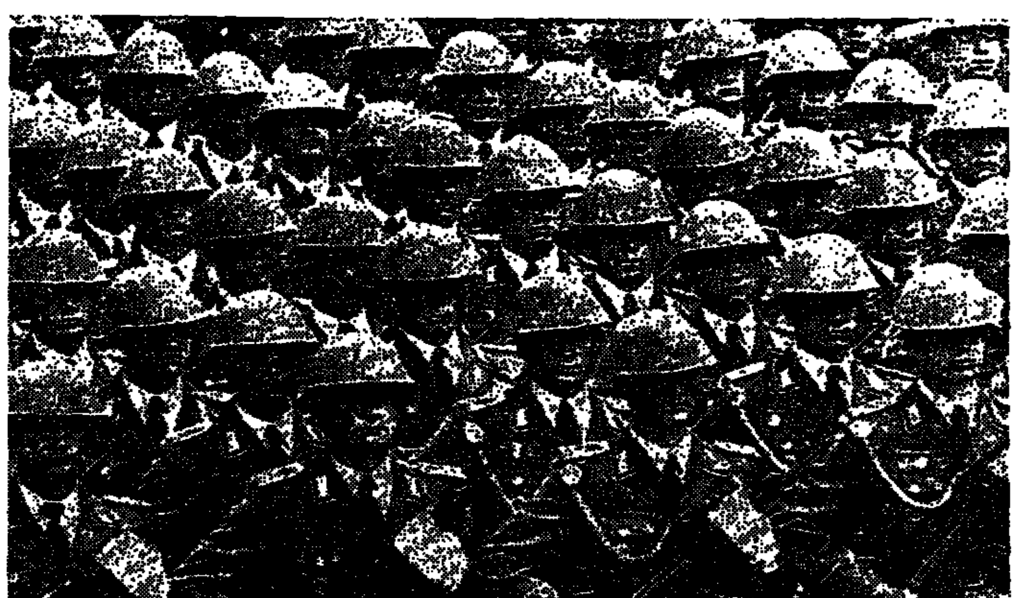
The rest will have to don West German uniforms on October 3, when the two Germanys unite, and the East German army will be dissolved by the end of the year. In the meantime it has suffered the ignominy of having its uniforms hawked to tourists as Cold War souvenirs.

But Maj Gen Klaus Listermann, the deputy Defence Minister, is on the offensive. "We have no reason to enter a joint German Army with bowed heads. We are not the losers," he declared defiantly.

Colonel Eckhard Nickel, chairman of the newly-formed East German Federation of Professional Soldiers, claims that society has a "moral obligation" to treat East German soldiers as equals with their Bundeswehr counterparts. The NVA, he says, had been on "the side of the people" in the demonstrations last autumn against the Communist regime and had served the democratically-elected government loyally.

But despite their avowals of loyalty there is little doubt that the future 370,000-man German Army – 120,000 fewer troops than the West German Bundeswehr – will contain few former East German officers.

The NVA wanted to contribute 70,000 troops to the all-German army, Maj Gen Listermann noted. But Mr Gerhard Stoltenberg, the West German Defence Minister spoke of absorbing only 50,000 East German troops while indicating the difficulty of finding a place for the highly politicised officers corps.



The once-powerful East German army marches into history despite a spirited rearguard defence

Lt Sven Hüber, the voluble head of the new Union of Border Soldiers, and Captain Norbert Weise, his deputy, agreed to an interview in the sprawling headquarters of Grenzkommando-Mitte, the Central Command of the Border Troops in the East Berlin suburb of Karlshorst.

Both men were recently accepted for service in the future German Border Defence Agency in contrast to most of their former companions-in-arms who are struggling to cope with civilian life. But they are worried that a final ruling by West Germany may yet eliminate them from the Border Defence Agency for "political" reasons.

Mr Lothar Arendt, their superior and former head of the People's Police, and Colonel Günther Leo, a former senior officer in the Central Command who was now in charge of selecting members for the Border Defence Agency, were recently suspended from service after the West Berlin Interior Minister noted that both men were "intolerable" as officials in a democratic society.

Lt Huber, who is 26, served at the Berlin Wall until it was torn down while Capt Weise, 32, was in an engineering unit. Before the borders were thrown open last November 9 they were convinced that their "activity" in the border troops was in the best interests of the population. As for the shooting of escapees at the border, Lt Huber said that "thank God" they were never involved. He admitted, though, that one of his jobs was to take captured escapees to the justice officials for interrogation. "I never found out who these people were or the sentence they were given," he noted.

Westerners, the two officers claimed, could not understand the conflict which existed in the minds of the border soldiers, most of whom had grown up after the Wall was built. But the origins of this conflict – the Cold War and the division of Germany – were beyond their control they argued.

"Legally the border soldier was no different from an ordinary soldier guarding an ammunition dump," Lt Huber said, drawing deeply on a cigarette. "Morally, of course, there was a difference – here is the gap between law and ethics," he observed. The border soldier had to decide within seconds whether to shoot or not – he knew many who intentionally fired in the air – always under the threat of imprisonment.

Could a West German judge condemn a deed which took place here under a very special political situation, without the rule of law? he asked. The question was timely as the West German justice authorities are considering whether to take legal action against 72 border guards accused of killing escapees. However, the chances of bringing them to trial are regarded as slim.

"Then there is the question of the 25 border guards who were killed," Lt Huber noted, mentioning the names of Peter Göring and Egon Schulz. Göring was fired on by a West Berlin policeman in 1962 when he tried to capture an escapee. Schulz was shot dead by a Westerner whom he had discovered digging an escape tunnel. These fatalities were as "tragic," he said, as that of Chris Gueffroy, the young East German who was killed by border guards while seeking to flee to West Berlin in 1989.

Poles seek energy deals with Soviet republics

By Christopher Bobinski in Warsaw

TENSIONS between the Soviet central government and the country's constituent republics are complicating Poland's talks with Moscow on crucial future supplies of oil and gas.

As a result, the Polish authorities are looking increasingly at ways of establishing contacts with individual Soviet republics in order to secure supplies, according to Mr Dariusz Ledworowski, a Polish Deputy Foreign Trade Minister.

Mr Ledworowski spoke after press reports suggested that the Soviet Union planned to cease oil deliveries to Poland next year. This year alone, Soviet oil supplies have fallen 30 per cent below promised deliveries.

Rzeczpospolita, the Government-owned daily newspaper, reported that the Poles had been told by Gosplan, the central Soviet planning commission, that oil supplies would be reduced and that annual gas supplies would be cut from 8m to 5m cubic metres.

Poland is dependent on the Soviet Union for most of its fuel supplies. More than 90 per cent of Poland's annual 14m tonnes of oil consumption comes from the Soviet Union, as well as the majority of its gas.

Mr Ledworowski said the admission by Gosplan that it could not guarantee deliveries next year was a sign that control over the economy in the Soviet Union was slipping from the centre. This had had the effect of forcing changes in traditional methods of negotiating trade agreements.

But the reports have also given rise to fears that the Soviet Union was planning to switch supplies to western customers at the expense of its traditional eastern European market.

Even if the authorities in Warsaw could obtain supplies from elsewhere, Poland's existing system of pipelines and port facilities means that alternative supplies aimed at fully compensating for the shortfall of Soviet deliveries could not be brought on in until next year.

That is when, at the insistence of the Soviet Union, all trade in Comecon, the Soviet trading bloc, will be calculated in hard currency, and at world prices.

Meanwhile, talks are continuing on how to lessen the effects of the change which initially could cost Poland $1.5bn a year.

Brussels to investigate airlines link

By Lucy Kellaway in Brussels

THE European Commission is to study closely the proposed link between Lufthansa, the West German airline, and Interflug, its East German counterpart, for possible anti-competitive effects.

Officials said the Commission was taking the case seriously following a complaint lodged last week by British Airways claiming that the deal could make it more difficult for other airlines to operate in Germany.

The deal between the two state-controlled German air lines, under which Lufthansa would buy 26 per cent of Interflug, has already met opposition from the West German Federal Cartel Office, which believes Lufthansa would be given too powerful a market position. The Bonn Government has yet to decide whether to endorse the Cartel Office's recommendation.

British Airways, which itself had expressed an interest in Interflug, is unhappy about Lufthansa's growing dominance in the East German market. Lufthansa already has 49 per cent of EuroBerlin France, a West Berlin-based French airline, has agreed to buy some of Pan American's German routes, and is planning to buy the handling company at East Berlin airport.

The Commission is concerned about the spate of takeovers by West German companies of their East German rivals and has been monitoring the actions of several large West German groups, among them Lufthansa.

In the spring, when the West German airline first announced its interest in Interflug, the Commission wrote to Lufthansa asking to be kept fully informed of all developments.

So far the Commission's investigations have been hampered by the fact the East Germany is not legally part of the Community. Following formal unification on October 3 competition rules will apply there as elsewhere.

Jaruzelski urged to resign

A NATIONAL conference of Solidarity Citizen Committees has called on Poland's President Wojciech Jaruzelski to resign as soon as possible and enable new presidential elections this year, AP reports from Warsaw.

The resolution, combined with a petition drive to oust Gen Jaruzelski, increases pressure on the former Communist Party leader, who tried to crush Solidarity in 1981, to surrender the office he has held since July 19, 1989.

Gen Jaruzelski is the only top Communist leader in Eastern Europe to survive in office, following the democratic changes that swept the region last year.

Representatives of local Citizen Committees stopped short of endorsing Solidarity Chairman Lech Walesa to take Gen Jaruzelski's place, during a meeting at the Polish Senate.

They also took no stand on the dispute that has split the Solidarity movement into rival factions favouring either Mr Walesa or Prime Minister Tadeusz Mazowiecki.

"The conference of Citizen Committees thinks the first step toward full democracy should be the resignation, as soon as possible, of Gen Wojciech Jaruzelski from the office of president of Poland, and the holding of popular presidential elections this year," activists said. The conference also called for parliament to shorten its four-year term and hold new elections to its two houses by next spring at the latest.

Hard times in E Europe home-buying

By David Barchard

ALL THE former Communist countries of eastern Europe recognise that massive changes are needed in their housing finance systems. But moving from state-run housing finance systems with subsidised interest rates to a free market system is proving very difficult.

This is one of the conclusions of the first study of housing finance in eastern Europe, published by the International Union of Housing Finance Institutions and the International Training Centre for Banks in Budapest.

New housing finance institutions are being created in several east European countries and banks are being given powers to lend money on a more commercial basis to home-buyers.

The report says there will inevitably be gainers and losers from any changes and there is a lively debate over whether a gradual approach is the right one, or shock treatment is needed.

For example, proposals to increase interest rates on existing home loans in Hungary from 3 per cent to a market rate of more than 20 per cent have met political opposition, as have attempts to increase rents sharply.

There are also serious legal obstacles to the establishment of a housing finance market. Existing laws in Hungary and Poland make it difficult for lenders to repossess a home if a borrower defaults.

In East Germany, land and property ownership registration problems have created a situation in which it is not uncommon for three different people to claim ownership of a property.

The development of a housing finance market is important if eastern Europe is to bring the quality of its housing up to accepted European levels.

Problems range from substandard housing to severe shortages of homes. For example, more than 20 per cent of East German homes lack a bath or a shower and more than a quarter have no indoor lavatory. At the other extreme, there is a shortage of 6m housing units in Poland.

Housing Finance In Eastern Europe, Mortgage Communications Ltd, 3 Savile Row, London W1X 1AF; £20

Schlüter threatens early poll

DENMARK'S Prime Minister, Mr Poul Schlüter, has threatened to call an early general election if parliament votes to raise public spending above the level set in his 1991 draft budget, Reuter reports from Copenhagen.

"I simply will not be responsible for a budget which includes higher spending than we had last year," Mr Schlüter told the financial daily newspaper Boersen yesterday. "After many years we have managed to control state spending and we mustn't lose our grip again," he added.

Mr Schlüter, the Conservative Party leader, has been Prime Minister since 1982 at the head of successive minority centre-right coalition governments.

His remarks were seen as the opening shots in what has become an annual ritual, as the Government bargains for support from left- or right-wing opposition parties to get its budget passed by parliament before the Christmas recess. The next session of parliament does not open until October 2.

Tarragona plant to reopen after blast

A Repsol petrochemical plant near Tarragona in northeast Spain will reopen today after being hit by a terrorist bomb on Sunday, Tom Burns reports from Madrid. The blast, which damaged a pipeline rack feeding the plant and caused a serious blaze, was thought to be the work of Eta, the Basque separatist organisation.

Eta was responsible for an explosion that caused Repsol losses of some Pta2.4bn (£130m) at virtually the same spot three years ago.

Howe favours 'sovereignty-sharing' in Community

By Alison Smith

THE WAY to ensure that a united Germany remains firmly anchored in Europe is to develop the process of "sovereignty-sharing" in the European Community, Sir Geoffrey Howe, Britain's deputy Prime Minister, said yesterday.

"The process of European integration will allow Germany – like all its partners – to be bound willingly and closely into the Community, so rendering even less plausible any fear of isolated behaviour," he told the British Chamber of Commerce in Frankfurt.

His speech contrasted with remarks by Mrs Margaret Thatcher, the British Prime Minister, last weekend when she said that the more Europe was federated, the more Germany would be dominant. In a television interview, she also emphasised the importance of co-operation between the EC member states as "sovereign nations."

Sir Geoffrey said that common decision-taking was "a powerful reminder that the nation-state is not the final resting-place of European constitutional development."

Distinguishing between patriotism and nationalism, which he said was "a creed of competition and exclusivity", Sir Geoffrey called the EC's day-to-day leaning towards consensus "an important barrier" against resurgent nationalism.

But his tone was rather closer to that of his Prime Minister when he warned that the two intergovernmental conferences on monetary and political union later this year were most likely to succeed if they concentrated on practical benefits to the people of Europe instead of becoming "hypnotised by enigmatic and controversial slogans".

He also urged the united Germany to play a greater international role, saying he hoped the Gulf crisis would "act as a catalyst for an emerging consensus in Germany about its more confident defence and security role abroad."

"I hope very much that a united Germany will be able . . . to create the conditions whereby its armed forces can participate more fully in international peace-keeping activity . . . especially those under the aegis of the United Nations," he said.

Last month Mrs Thatcher criticised European countries other than Britain and France for providing only a "minimum" response to Iraq's invasion of Kuwait.

Bonn upbeat on EC central bank outlook

By David Marsh in Bonn

THE PROPOSED European central bank could be a reality by the middle of the 1990s, although EC states will first have to agree guidelines for harmonising budgetary as well as monetary policies, Mr Lutz Stavenhagen, minister of state in the West German Chancellor's Office, said yesterday.

Mr Stavenhagen, responsible for policies towards the EC, denied in an interview that West Germany had become any less enthusiastic about European monetary union. "This is not something which can be postponed," he said.

But he said proceeding to the next stage of European monetary integration would depend on other EC countries agreeing the correct "rules of the game".

Mr Stavenhagen said agreement would have to be reached on a range of criteria before detailed timing could be worked out for moves to a common European central bank and a single currency.

EC finance ministers meeting in Rome at the weekend failed to agree on a firm timetable for moving from the present European mechanism of semi-fixed exchange rates towards the so-called European system of central banks.

Mr Stavenhagen said states would not only have to agree on a future central bank being geared to stability and independent from governments. There would also have to be further signs of economic convergence, as well as harmonisation of individual countries' financial policies.

"We have to look at all these together," he said. "Monetary policy cannot be looked at alone without looking at financial and economic policies as well."

Mr Stavenhagen's remarks underline the tough conditions Bonn is applying to moves towards monetary union. He denied, however, that West Germany was "setting the bar too high".

Anti-inflation discipline was the key to the stability of the D-Mark, and the same tough rules would have to apply to a future European currency, he said.

E Europe 'faces health hazard'

THE economic hurricane sweeping eastern Europe could bring disaster for elderly people, children, the poor and the unemployed this winter, Dr Jo Asvall, European Director of the World Health Organisation, said yesterday, writes Hilary Barnes in Copenhagen.

Better medical skills, redesigned health services, vaccines, drugs and new equipment were all needed, said Dr Asvall, addressing WHO's "European Health Parliament" attended by governments and health organisations from 32 European countries.

Fizzing champagne prices promise financial hangover for drinkers

By George Graham in Paris

CHAMPAGNE prices are set to shoot up again, following a 20 per cent increase in the price of grapes.

"We are not expecting to change our prices until the end of the year, but on January 1 we will probably increase by at least 10 per cent. It will not be as much as 20 per cent, but it will certainly be in double figures," Mr Yves Bénard, chairman of Moët et Chandon, the leading champagne house, said yesterday.

The champagne crop is expected to be bountiful this year, though nothing like last year's bumper level. The year has been mostly sunny, but cold weather in June retarded the flowering, so grape bunches are less heavy than usual. The crop is still expected to be equivalent to 210m-230m bottles, well below last year's 279m bottle crop and also below the 249m bottles sold in 1989.

To make matters worse, the champagne business has moved tentatively into the free market this year, throwing off the cartel agreement between grape-growers and champagne-makers which has distorted prices for the past 30 years. This year, grape prices have not been fixed by the Champagne Council, but negotiated freely between growers and makers, although the council has still declared an "indicative price" of FFr32 (£3.13) a kilogram for top quality grapes, up 20 per cent from last year.

The big champagne-makers, like Moët, Veuve Clicquot or Roederer, have signed contracts with individual growers, offering, in many cases, a premium based on their future trading results on top of the indicative price.

After the rapid growth in champagne consumption of the past few decades – sales have tripled since 1963 – the sparkling wine, whose vineyard area is closely defined by law, now faces a supply crunch, and many champagne producers believe growth will have to slow considerably in the years to come. "Growth has been too strong, and it is essential that we put the brakes on. I would even go further, and say that in 1991 sales will have to be reduced," says Moët's Mr Bénard.

Britain remains the largest export market for champagne, with 22.8m bottles sold last year, well ahead of the US with 13.7m bottles or West Germany, with 13m bottles. "Our British friends continue inexorably and stoically to drink more and more champagne," Mr Bénard commented.

The US market, however, presents much greater difficulties, with the combined effects of the declining dollar and mounting anti-alcohol campaigns reducing sales.

In addition, the difficulties of Wall Street brokerages have sharply reduced consumption by stock market yuppies, who were particularly keen on top priced Dom Pérignon, while the financial problems of the US airlines have made champagne suppliers wonder whether they will ever get paid for their in-flight bubbles.

Britain's railways await a signal of what lies ahead

The Government has effectively written off wholesale privatisation of BR, says Richard Tomkins

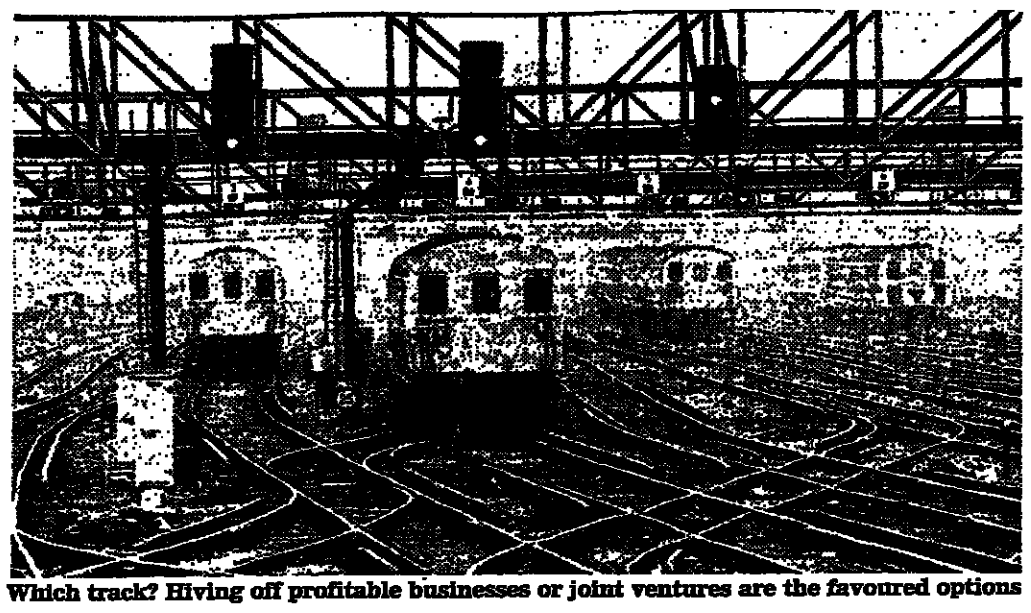
THE LEAKING over the weekend of a confidential Department of Transport memorandum has given the clearest insight yet into Government thinking on the possible privatisation of British Rail.

It makes it clear that thoughts of wholesale privatisation can be dismissed for the lifetime of this parliament and the next – in other words, at least until the end of the century.

At the same time it shows the Government moving towards hiving off profitable parts of the railway or increasing private sector involvement in its running.

The seven-page memorandum, leaked to Mr John Prescott, the shadow Transport Secretary, was written by Mr Edward Osmotherly, deputy secretary at the Transport Department. It is a background paper for a private meeting of transport ministers and officials held yesterday to discuss BR's future.

The paper identifies the greater benefits of privatisation to include a radical change of culture among BR managers and staff, greater flexibility over fares and pay, access to private capital for investment and a closer relationship between customers and suppliers.



Which track? Hiving off profitable businesses or joint ventures are the favoured options

The paper observes that none of BR's businesses are yet earning enough to survive in the private sector. InterCity and bulk freight might be viable by the mid-1990s, but Network SouthEast and the rest of the freight business are unlikely to be sufficiently profitable much before the end of the decade, and the Provincial passenger sector will always make losses. Instead of selling BR as a single unit, therefore, the paper looks at four other options.

One which receives little favour is the notion of splitting BR into one track-owning company and several other companies which would operate the trains.

Another option it rejects is the idea of reverting to a pre-1948 division of the railway into regional companies. Most of these would still need subsidies for their Provincial operations, the paper observes, and in any case, freight, InterCity and European passenger services are best marketed on a nationwide basis.

The paper is more favourably disposed to the division of the railway into business-based companies, further developing a reorganisation already well under way at BR.

Under this system, the railway is split into wholly independent companies based on the existing sectors – InterCity, Network SouthEast, Provincial, Railfreight and Parcels. Each has its own tracks, staff and rolling stock, and when one company needs to use another's tracks or assets, it has to pay a fee.

Its obvious advantage for the Government is that it would permit the progressive privatisation of BR as each business reached viability. The paper says InterCity, bulk freight and European passenger services should be viable by the mid-1990s, and could be the first candidates for sale.

The other option favoured in the paper is the relatively novel one of identifying business segments – say, the west coast main line between London Euston and the north – where the private sector might be encouraged to enter into joint ventures with BR.

The idea is that the private sector partner would inject equity into the venture and would have a say in the management and the marketing of the business. As long as the stake was not over 50 per cent, the company would remain a BR subsidiary and the arrangement would not require legislation.

There are, however, difficulties with this plan. The venture would not be able to borrow from the market without the Government's consent, and its spending would be counted as public spending. Nevertheless, as the paper observes, a precedent has already been set in the freight business with the creation earlier this year of Charterail, a joint venture road-rail freight operation in which the industrial group GKN has taken a stake alongside BR.

No public statements are expected in the wake of yesterday's seminar, and it is unlikely that firm or final decisions will have been taken.

Nevertheless, it is likely to mark a significant turning-point in the Government's attempt to secure the privatisation of BR. By acknowledging the impossibility of wholesale privatisation for the forseeable future, it will trigger a fresh debate over how an acceptable alternative is to be achieved and when.

Frankenstein brings a spark to electricity privatisation

Clare Pearson looks at the Government's latest campaign to promote private ownership in power

THE GOVERNMENT is about to introduce to the British consumer a character it hopes will become a household name and a symbol of privatisation.

Tomorrow , its marketing campaign for the sale of the 12 electricity distribution boards in England and Wales starts officially. It will be spearheaded by Frank, a character inspired by Frankenstein – "the original electricity consumer."

Once the campaign starts, there will be no let-up until December when the share sale is due to be completed.

Now the serious assault on the private investor begins. As autumn progresses, the UK public can expect relentless reminders of the upcoming flotation.

Frank will guide the potential investor through the stages leading up to the flotation, which is expected to take place in late November, with regular TV appearances.

Although Frank is a new invention, this flotation build-up will be familiar to those who have followed previous government privatisations. Most notably, the process is expected to resemble closely last year's flotation of water and sewage companies.

Water and electricity differ from previous privatisations in that they involve the separate but simultaneous sale of a clutch of companies.

Kleinwort Benson, financial advisers to the Government on electricity, initially had its own ideas about how the flotation should be structured. However, the scheme devised by Schroders for the water sale last year proved so successful that it became an irresistible precedent.

It appears that the water precedent will be followed quiet closely although the money-off-the-bill option, used in the British Gas and British Telecom flotations, is likely to resurface. The process should go as follows.

All regional electricity company shares will be sold at a common price but they will bear different yields to reflect their varying attractions as investments.

Private purchasers will be invited to invest in any or all of the companies, although there will be incentives for them to buy shares in their local companies. To ensure that shares in all the companies are fully taken up, institutions will be required to underwrite a weighted package of shares in all companies.

To become eligible for incentives, members of the public will have to pre-register their interest in buying shares with a share information office, ahead of a specified cut-off date.

This pre-registration partly helps to put people in the right frame of mind for later buying the shares. Mainly, however, it provides an initial list of names and addresses which simplifies administration in complex flotations like water and electricity.

For the private investor, therefore, the electricity flotation will look very like water last year. Beneath this surface similarity, however, there are striking differences in their characteristics as investments.

For instance, water companies came to the market after a big debt write-off by the Government and they were poised to embark on a massive capital expenditure programme made necessary by long neglect of the water and sewage infrastructure.

The electricity companies, by contrast, face no such massive expenditure programmes and the Government intends to saddle them with borrowings as they enter the private sector.

Another obvious difference is the looming sale of the electricity generators, National Power and PowerGen. These are expected to follow swiftly the electricity distributors on to the market next spring, now that the Government has scrapped the idea of making a trade sale of PowerGen.

These and other factors will be taken into account in the pricing of shares. This looks set to prove a thorny business, especially as analysts at UBS-Phillips & Drew, the securities house, which is not involved in the flotation, were last week contending that the Government's initial indications of an expected flotation value of at least £5bn could be significantly over-optimistic.

However, there is still at least three months to go before investors will have to work out whether to buy shares. For the moment, they just have to brace themselves for the barrage of advertising.

Howe calls for an integrated Europe as German anchor

By Alison Smith

FURTHER development of "sovereignty-sharing" in the European Community is the way to ensure that a united Germany remains firmly anchored in Europe, Sir Geoffrey Howe, the deputy Prime Minister, said yesterday.

"The process of European integration will allow Germany – like all its partners – to be bound willingly and closely into the Community, so rendering even less plausible any fear of isolated behaviour," he told the British Chamber of Commerce in Frankfurt.

His speech contrasted with the Prime Minister's remarks last weekend when she said that the more Europe was federated, the more Germany would be dominant.

In an interview with Mr David Frost on TV-am, she also emphasised the importance of co-operation between the EC member states as "sovereign nations."

Sir Geoffrey made clear his view that the common decision-taking was "a powerful reminder that the nation-state is not the final resting-place of European constitutional development."

Distinguishing between patriotism and "nationalism" which he said was "a creed of competition and exclusivity", Sir Geoffrey called the EC's day-to-day leaning towards consensus "an important barrier" against resurgent nationalism.

But his tone was rather closer to that of the Prime Minister as he warned that the two intergovernmental conferences later this year were most likely to succeed if they concentrated on practical benefits to the people of Europe instead of becoming "hypnotised by enigmatic and controversial slogans."

Geoffrey Howe

And he also urged the united Germany to play a greater international role, saying that he hoped the Gulf crisis would "act as a catalyst for an emerging consensus in Germany about its more confident defence and security role abroad."

"I hope very much that a united Germany will be able ... to create the conditions whereby its armed forces can participate more fully in international peace-keeping activity ... especially those under the aegis of the United Nations," he said.

Last month Mrs Thatcher criticised European countries other than Britain and France for providing only a "minimum" response to Iraq's invasion of Kuwait.

BMW unit links British dealers by satellite TV

By Raymond Snoddy

The UK arm of BMW, the West German car manufacturer, is going into the satellite television business - to link its more than 160 dealers from Inverness to Lands End.

The first programme of what will be a regular weekly series will go out live this morning from the BMW dealership near London's Heathrow Airport.

BMW television is being provided through a deal with British Aerospace and will be beamed up to a Eutelsat satellite and down to receivers at all the BMW sites in the UK.

Retail sales fall adds to evidence of slowdown

By Rachel Johnson

A LARGE FALL in retail sales in August yesterday added to signs that the UK economy was heading for a recession after almost a year of high interest rates.

Figures showed that the volume of retail sales last month was a provisional 1.6 per cent lower than in July, taking City economists and the markets by surprise.

The equity and government gilt-edged security markets both moved higher in the expectation that such powerful evidence of an economic slowdown would precipitate interest rates cuts to avert a full-blown recession.

Last week, Mr John Major, the UK Chancellor, said that he would not cut interest rates until it was "safe to do so." He said that although there were "unambiguous signals" that the economy was slowing down – in figures for bank lending, for example – the retail sales figures had been unexpectedly buoyant.

As these are volatile, the authorities urge examination of the underlying trend. On this basis, yesterday's figures showed that one of the two indicators singled out by Mr Major for stubborn buoyancy had fallen into line.

The revived expectations of a cut in interest rates pushed the FT-SE 100 share index up 24.1 to 2147. The pound, meanwhile, suffered further from Mr Major's statement last week that sterling was not about to enter the exchange rate mechanism of the European Monetary System. Against a background of a strong Yen and dollar, investors sold sterling and drove it down a point on its effective index to 93.4.

● THE RATE of increase in prices of manufactured goods declined last month, illustrating the tighter competitive pressures on industry as the economy slows.

The Central Statistical Office also announced yesterday a big increase in the costs of materials and fuel bought by industry. That is largely a result of the rise in the price of petroleum-derived products since the start of the Gulf crisis.

Together, the two factors indicate the extent of the squeeze affecting the UK corporate sector that is showing up in company profits.

UK miners accept Paris offer on strike donations

By John Gapper in Paris

NATIONAL Union of Mineworkers leaders yesterday accepted a payment likely to exceed £700,000 from the Paris-based International Miners' Organisation in a deal which may end legal action against Mr Arthur Scargill, the NUM president.

The draft agreement, reached in Paris at a meeting between IMO and NUM leaders, mean the NUM's national executive will be advised on Thursday to halt its court action against Mr Scargill and the IMO for the return of about £1.8m.

The deal followed a reported IMO offer to give the NUM £701,222 in a Dublin bank account and keep another £1.1m in a Vienna account itself. Most was given by Soviet and east European miners during the 1984-85 pits strike.

He still faces a charge of failing to keep proper accounts while the fraud squad is investigating complaints from Russian miners that donations were misused.

The team of four NUM executive members which negotiated the deal is likely to be supported by the 14-man executive when it meets on Thursday.

The IMO will give money to the NUM as a donation without conceding that Soviet and east European sums were meant for international purposes.

Mr Scargill and Mr Alain Simon, IMO general secretary, had said all Soviet and east European money wich came through an account in Warsaw was the IMO's. However, Mr Rees said Mr Scargill had argued on the NUM's behalf.

Mr Simon was said in a report prepared by the four-man team to have offered to change the signatories on the Dublin IMO account containing £701,222 and place it under the NUM's control. However, he yesterday denied having said this.

The deal must also be approved by the IMO's executive - including Soviet miners' leaders next week. Leaders of the Soviet Coal Employees Union have said all of a £1m donation made during the strike was meant for the NUM.

The attempt by the NUM's executive to reclaim £1.8m from the IMO followed an inquiry by Mr Gavin Lightman QC into the way in which Mr Scargill and Mr Peter Heathfield, NUM secretary, handled funds given during and after the strike.

Cork Gully, the accountants employed by the NUM executive, estimated that the union could claim at least £1.78m and possibly £2.03m from the IMO. The NUM started sueing the IMO, Mr Scargill, Mr Heathfield and Mr Simon on July 20.

Legal action was later suspended until October 26 to allow the IMO and the NUM to try to reach a deal. Any settlement is likely to be approved finally at an NUM special delegate conference this autumn planned to discuss the affair.

US model seen as weapon in campaign to enforce code

Chemicals sector seeks tough new body to oversee pollution

By Clive Cookson

BRITAIN needs a tough new government body to take charge of environmental policy-making and enforce pollution controls, the Chemical Industries Association said yesterday.

At a press conference in London to launch the association's submission to the government on its policy document on the environment, due out later this month, senior executives from the UK chemical industry criticised the "fragmentation" of the current system for developing and enforcing environmental legislation.

Responsibilities are divided between Her Majesty's Inspectorate of Pollution, the National Rivers Authority, the Ministry of Agriculture and local authorities.

"In order to lose the unwarranted title of 'dirty man of Europe', the UK must take a more positive approach and be much clearer about the criteria and standards to be employed," the association's submission says.

It advocates the formation of "a central executive body which would be responsible to the government and parliament for managing policy development, planning strategies, elaborating legislation, ensuring good enforcement and reviewing progress. It should not be an independent body but respond directly to a minister specifically responsible for pollution control."

The closest model for the proposed body is the Environmental Protection Agency in the US, according to Mr Ray Grainger, the association's regulatory affairs director. "But the one thing the EPA doesn't have is direct political accountability – which we believe to be absolutely essential."

Speakers were critical of the pollution control activities of some local authorities acting in the absence of a clear national policy. Mr Keith Humphries, UK managing director of Rhône-Poulenc, mentioned a "totally crazy decision" of one local authority: a chemical plant was considered to be a waste disposal site because it used hydrochloric acid – a commodity chemical – that had been recycled.

The association's leaders gave a cautious welcome to some of the ideas recently put forward for "market-based instruments" – economic incentives designed to back up regulations by encouraging producers and consumers to adapt their behaviour to meet environmental objectives.

BRITAIN IN BRIEF

Bomb blast destroys army office

Hundreds of people escaped unhurt in a Midlands town yesterday when a bomb ripped through an army and navy careers office. The blast in Derby city centre happened at 9.20am and was caused by between 2lbs and 5lbs of explosive placed on a roof at the back of the building, police said.

It was the third terrorist attack in the Midlands this year: the IRA has claimed responsibility for an explosion in Leicester and the killing of an off-duty soldier in Lichfield, Staffs. Seven army personnel escaped injury.

There was no prior warning and no group has yet claimed responsibility, police reported.

Tour operator collapses

Pegasus Holidays, a privately-owned tour operator to Italy and the Caribbean, went into receivership last night with some 3,000 of its holidaymakers abroad.

A further 5,000 holidaymakers will also lose their holidays, although they will receive refunds under a bonding guarantee scheme operated by the Association of British Travel Agents.

ABTA also said last night that the 3,000 Britons abroad would be able to complete their holidays under the bonding scheme. "Nobody will be left stranded by the company's failure," it said.

Pegasus's collapse is the biggest failure in the travel trade in recent years. Over the past 12 months only 11, mainly small, operators have gone out of business.

Pegasus's decision to call in the receivers emphasises the pressure some tour operators are facing from the rise in interest rates and the potential threat to both costs and demand from the Gulf Crisis.

Sun opens Scottish plant

Sun Microsystems, US manufacturer of computer workstations, yesterday opened its first plant outside the US in Scotland.

The $28m plant is initially being used to supply products from several lines to the European market, which accounts for more than 25 per cent of its revenues.

However, Mr Kevin Melia, vice-president for worldwide operations, said that within two years the plant would become Sun's sole centre for producing a single desktop workstation product for the worldwide market.

Schools 'lack equipment'

British schools do not have enough staff and equipment to teach youngsters technology properly, as required for the first time this year under the national curriculum in England and Wales, the National Union of Teachers said.

Mr Alan Leech, chairman of the NUT's education committee said "The effect on youngsters will be that they will be doing compulsory technology with no equipment." He said pupils would have to imagine their work rather than actually carry it out.

TV viewing declines

The British are watching less television, despite having more to watch, going to the cinema more frequently but borrowing fewer books from public libraries, which tend to have fewer books anyway, a study has found.

Since 1984/5 the number of hours broadcast by the four terrestrial channels have increased by 29 per cent, mainly with the expansion of daytime and night time television, the report by the Policy Studies Institute found.

Raison to leave Parliament

Mr Timothy Raison, a former Conservative minister, announced yesterday that he will not contest the next general election.

Mr Raison, 60, Conservative MP for Aylesbury, entered the House of Commons in 1970. He said: "After two decades I feel that it is time for a change from the demands of Parliamentary and constituency life and for some new challenges."

Under Mrs Margaret Thatcher, the prime minister, he was Home Office Minister of State from 1979 to 1983, and Minister for Overseas Development from 1983 to 1986.

Closures still 'undecided'

Managers at Thorn EMI received notices telling them that the company had made no decisions on factory closures following its failure to sell its lighting division to GTE of the US.

The company added that it did not yet know how many people would be made redundant as a result of the failure of the talks. Thorn EMI said it was "highly unlikely" that the final number would be as high as the 3,000 mentioned in some reports.

Constable may fetch £3m

Details of a rediscovered masterpiece by Constable, one of the greatest English artists, which could fetch millions, are to be announced today.

Phillips, the fine art auctioneers, will disclose details of the recently rediscovered painting which they estimate will fetch as much as £3m at auction later this year.

P&O and seven plead not guilty in Zeebrugge trial

Seven former employees of P&O European Ferries, including master of the car ferry Herald of Free Enterprise, Mr David Lewry, pictured above entering the court, and the company itself yesterday pleaded not guilty to manslaughter at the start of a trial prompted by the 1987 Zeebrugge disaster. A total of 193 people died when the ferry capsized shortly after leaving the Belgian port of Zeebrugge on March 6, 1987. P&O and the seven former employees each face one sample charge of unlawfully killing one of the disaster's victims. The trial is expected to last three to five months.

TECHNOLOGY

Robert Taylor on why opposition is mounting to Sweden's abandonment of its nuclear programme

Costs of pulling the power plug

Sweden is rapidly approaching the point of no return in its commitment to the abandonment of nuclear power as an energy resource. But strong opposition from industry and indications that the majority of people no longer support the country's non-nuclear strategy are obstructing the plan.

The ruling Social Democrats, with the support of a cross-party majority in Parliament, remain pledged to start the closure programme with the shut-down of two of Sweden's 12 nuclear reactors in 1995-1996 with the rest to go by 2010. A public opinion survey published last week, however, found that as many as 58 per cent of Swedes accept that nuclear power should still be used after the closure date and 65 per cent said the run-down programme should not start if it endangered the country's industrial competitiveness.

Ingvar Carlsson, the Prime Minister, still wants to achieve a broad agreement across party lines on the non-nuclear strategy, which he hopes to finalise over the next few weeks for parliamentary approval. But he faces rising pressure to abandon the current timetable.

Bengt Westerberg, the Liberal Party leader, has spoken out against early closures and has even suggested that the final shut-down date of 2010 may have to be postponed. Over the past year the minority Social Democratic government has come to rely on Westerberg's support on big issues like tax reform and economic austerity measures. His attitude on the nuclear issue may yet prove decisive.

Within the last few days, even the staunchly anti-nuclear Centre Party appears to have abandoned its commitment for the shut-down programme to start in five years' time, although it is still determined to see Sweden become a non-nuclear country by 2010.

To make matters worse for Carlsson, Stig Malm, general secretary of the powerful blue-collar union confederation the LO, which is a close ally of his party, spoke out against the closure of the first two reactors in 1995-1996, warning that it would lead to plant closures and unemployment. His intervention promises to provoke a bitter debate at next week's Social Democrat party Congress on the nuclear issue, which has divided Swedish politics for the past 14 years and cut across the traditional left-right political spectrum.

Since the 1980 national referendum, when a majority voted for the eventual abandonment of nuclear power, the Swedish Parliament has been pledged to phase it out. Many Swedes regarded nuclear energy as a threat to their settled way of life and there was widespread unease about its safety.

But the anti-nuclear feelings of that period have grown less intense as the facts have begun to replace the emotions. As many as 20 separate independent and authoritative reports and inquiries on Sweden's energy needs and alternatives have been published over recent months. They have spelt out the excessively high price Sweden will have to pay if it *remains committed to the non-*nuclear option.

The data compiled by the experts make for compulsive reading. It appears that Sweden is more dependent on nuclear power for its energy needs than any other country in the world. Around 47 per cent of the country's electricity supply comes from its 12 nuclear reactors. The other half is derived from hydro-power and a mere 3 per cent from fossil fired stations.

Moreover, at an annual rate of 16,000 kilowatt-hours (kWh) per head, Sweden consumes more electricity than any other country with the exception of Norway and Canada. Its nuclear power production at 68bn kWh a year is by far the largest in the world. The closure of the two first reactors would mean replacing 9bn kWh from other sources.

Strenuous efforts are being made to try and use energy more efficiently and cost effectively. Sweden's State Power Board is investing SKr1bn (£90m) over the next five years to improve the commercial conservation of electrical energy. But forecasts for the 1990s suggest that Sweden will need to increase its energy consumption by an annual rate of 1.5 per cent, the equivalent of four nuclear units.

According to the International Energy Agency, consumer electricity prices in Sweden are relatively low, only just over half the average price for OECD countries. The country charges 30 ore per kWh compared with 45 ore per kWh in Britain and 62 ore per kWh in West Germany – mainly thanks to the contribution of its nuclear power industry.

Ingvar Carlsson

Birgitta Dahl

International studies also indicate that Sweden has an excellent safety record in its nuclear power plants, which are more advanced technologically than elsewhere. When the political decision to phase out nuclear power by 2010 was taken in Sweden, the experts had assumed the lifespan of the country's reactors was no more than 25 years. Now it transpires that the existing plants can last effectively for up to 40 years. It has also been pointed out that as Sweden leads the world in nuclear technology, it could benefit from using its expertise to help other countries to develop safer nuclear installations.

The cost to Sweden of a shutdown programme will also be substantial. The Swedish Atomic Forum has estimated that the early closure of the first two units in 1995-1996 would cost the country's consumers between SKr20.8 and Skr30bn a year extra in higher energy prices, a rise of as much as 40 per cent in their fuel bills by the mid 1990s. A study carried out for the Centre for Business and Policy Studies estimates that the minimum cost of closing down the entire nuclear industry would be *SKr180bn*.

Investigation of energy alternatives to nuclear energy has been unable to produce credible substitutes that are as cheap as nuclear power or available in plentiful enough supply to fill the gap left behind by its abandonment.

Moreover, some of the alternatives cause serious pollution. An increase in oil and/or natural gas imports would force Sweden to lift its present legal restriction on freezing carbon dioxide emissions at their 1988 level and severely cutting back permitted levels of sulphur dioxide and nitrous oxide emissions by 1995.

Such a step appears to be acceptable to anti-nuclear proponents such as Birgitta Dahl, the Environment Minister. But others see such a move as retrograde, particularly as Sweden since 1988 has led the way in trying to reduce the greenhouse threat to the ozone layer. It has already managed to reduce its emissions from 104m tonnes in 1970 to an estimated 67.6m tonnes last year.

Nor would the purchase of oil and natural gas from overseas be cheap (Sweden has neither fuel among its own natural resources). Even before the present Gulf crisis Sweden's state power board, Vattenfall, said it would have to spend a minimum of SKr10.2bn a year extra to make up the short-fall on its energy needs through more oil and gas supplies.

Many anti-nuclear enthusiasts believe bio-energy will provide a credible alternative to nuclear power. The provision of heat and electricity from Sweden's plentiful supply of tree branches, straw and forest shrubbery may have potential. Vattenfall is investing SKr1bn in research into the possibilities of this form of energy but most experts believe it will not be well into *the next century that it will be* able to provide electricity at a cost and in a quantity society can afford. Some estimates suggest biomass energy could triple electricity costs.

Hope is also being pinned on wind power as an alternative energy source, but a breakthrough is still a long way off. A recent study suggested that the construction of 4,000 wind generators, with a third on land and the rest in the Baltic, could replace half the electricity currently provided by nuclear energy. The damage this would cause to the landscape, however, and the high cost of the project would make it prohibitive. Solar power is also doubtful because of Sweden's long, dark winters.

Some Swedes believe the country will have to develop further hydro-electricity, but this would mean harnessing four of the country's wildest rivers in the north at high environmental cost and mean lifting a 1985 parliamentary ban on increasing hydro power, something Sweden's conservationists would oppose.

Anti-nuclear groups argue that the government has failed to invest sufficient resources in the search for non-nuclear alternatives. But large parts of Swedish industry are alarmed at the likely cost to them of the proposed nuclear shutdown. A recent study by the Federation of Swedish Industries emphasised that the sectors most at risk are those in the export industries where international competitiveness already threatens their future such as pulp and paper, iron and steel, mining and large parts of the chemical industry.

Hungary's banks cash in on a modern world

Hungary's strides to liberalise its economy have been longer than any other eastern European country. It separated control from the central bank in 1987 by setting up a number of independent commercial banks. Earlier this year the final restrictions were removed, allowing the major banks to service both domestic and foreign transactions such as currency purchases.

Many banks began computerising their operations late last year – prior to COCOM's relaxation of controls on technology exports to the East announced in June – *although the new systems* are only now starting to be used in earnest. Most banks have opted for foreign banking software packages, as they are based on western financial *management* systems and are tried and tested at institutions around the world.

Locally manufactured copies, or clones, of popular western personal computers were largely the only systems available in Hungary until recently. The previous restrictions on the processing speed and size of memory of the computers limited the banks to outdated technology or to small departmental systems.

The Hungarian Commercial and Credit Bank (OKHB) has seen the number of corporate *customers grow from 30 to* 3,000 over the last few years, all needing foreign currency accounts for import and export trade. Miklosne Pallos, OKHB's head of trade finance, said: "Our local enterprises are now more sensitive to the time it takes the banks to issue instruments such as letters of credit and the related documentation. It now takes us five days to issue, compared with 30 prior to computerisation, but other banks are still a lot slower."

Earlier this year the OKHB installed International Banking System (IBS-90) software from the Swiss supplier Winter Partners, running on outdated Digital Equipment MicroVax II departmental computers. The bank is now seeking to replace it with the more advanced DEC 6400 range of computers with COCOM approval.

Alex Dembitz, managing director of IDOM Consultants in Geneva, which is advising a large number of eastern European banks on IT strategy, said: "We advised OKHB to go for a general integrated package although it has lower functionality than the specialised software. Other banks have opted for specialised packages for each department which has caused problems."

OKHB feels safe that it made the correct decision in selecting an integrated system from a single supplier now that the Hungarian Foreign Trade Bank (MKB) announced this month it is also taking IBS-90. S. Csanyi, a deputy chief executive of OKHB, said: "During this period of rapid change there is a great temptation for banks here to adopt ad hoc departmental solutions. However, these short-term measures could lead to major interfacing problems in the future. At OKHB we have chosen a system which is integrated by design, allowing us to implement new modules as and when required."

Tamas Erdei, executive director of MKB, echoes OKHB's sentiments that selecting a single integrated system will "prevent interfacing problems in the future", allowing the bank to add new software modules to take advantage of the rapidly changing commercial opportunities. Senior man*agement at OKHB point* to some of the problems other banks, such as the Hungarian Foreign Trade Bank (MHB), faced in attempting to integrate the various packages in different departments.

Ian Marshall, senior IT partner of Price Waterhouse, says some of the banks have wasted money on systems, partly due to COCOM restrictions and to lack of experience. "I'd hesitate to say the skills base is in Hungary to take advantage of the systems they are buying. One would have to question the depth of IT skills to develop and support the packages.

"MHB has openly admitted that they didn't have the skills and haven't been successful in developing an IT strategy." MHB has now standardised on BIS Banking Systems' Midas package running on IBM's AS400 range and Dublin-based Kindle Banking and Financial Software's Bankmaster package on networked PCs.

Michael Cunningham, Kindle's East European manager, said: "*There* were very few integration possibilities between the various packages – which led to some upheaval at management levels."

Many western technology suppliers are forming joint ventures with local firms to fill the skill and product gap. Kindle has formed a partnership with the Hungarian Technology Institute to distribute and support Bankmaster locally.

Peter Lengyel, Foreign Exchange Manager at Budapest Bank, said: "The beginning of 1990 was our target to start foreign exchange trading, and with Bankmaster and the discipline its installation imposed, we did. Trading on the foreign exchange markets is a new venture for us and as a result we had to start from scratch." Bankmaster has the advantages of being translated into Hungarian and can be operated on personal computers over a local area network.

One of COCOM's earlier restrictions prohibited networking of minicomputers, *such as IBM's AS400* range, leaving some banks short of the processing power needed to run the packages.

Now that most banks are coming to grips with the computerisation of their international trade activities, they are turning their attention to the domestic retail customer. There are no automatic teller machines and credit cards are almost unknown. Most of the banks are tendering with the World Bank for funding to computerise the retail operations.

Another problem facing the banks is the poor state of the country's telecommunications system. The Telecommunications Research Centre, based in the UK, reports that the telecommunications systems in the East are 30 to 40 years behind those in the West. OKHB's Pallos said: "We are in a bad position as far as our branches are concerned as most are not linked to Budapest. It is easier to phone Tokyo than one of our branches 60 kilometres away."

Leslie Tilley

PUBLIC NOTICES

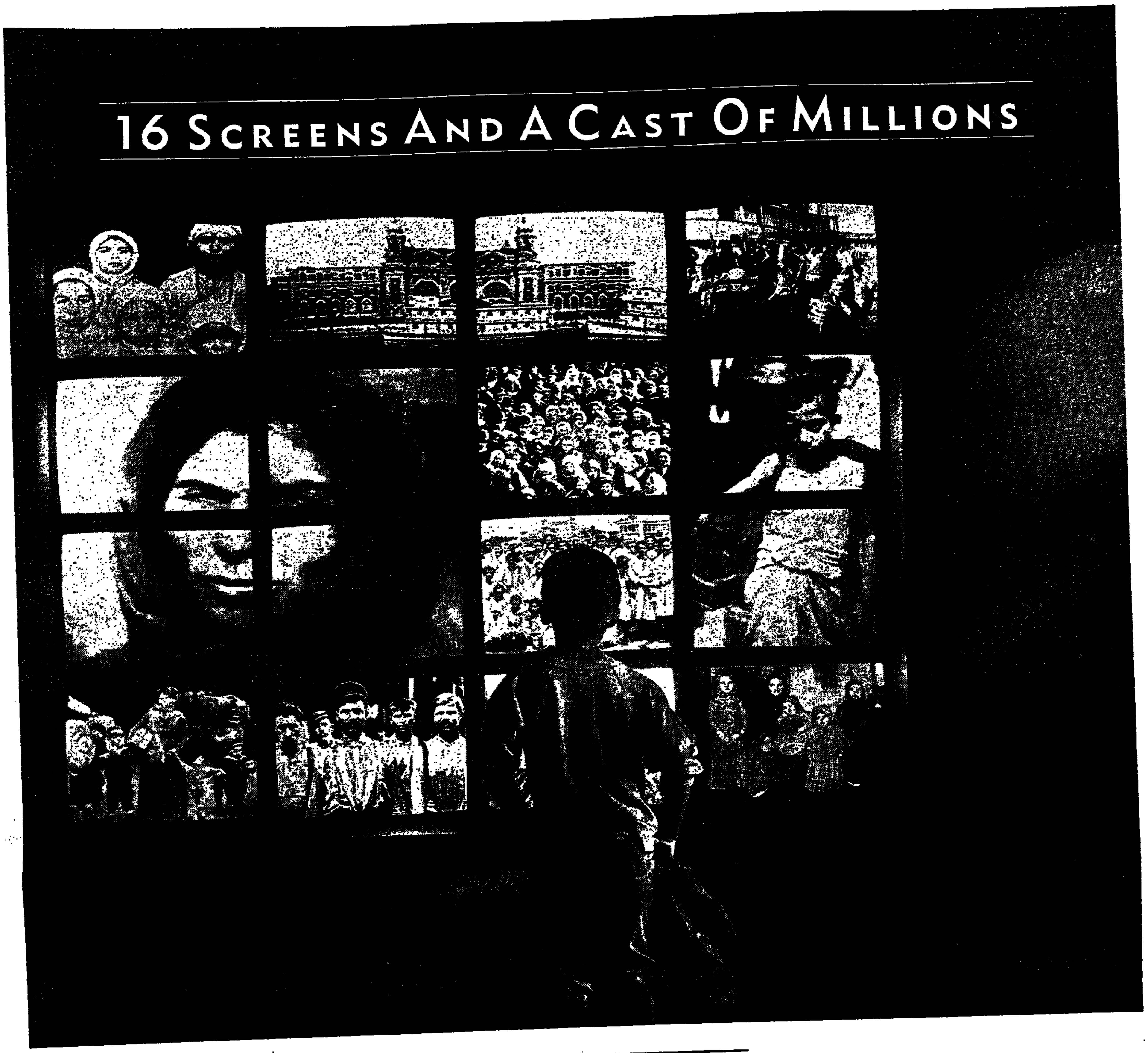
NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
80 Union Street,
Oldham,
Greater Manchester.

NOTICE IS HEREBY GIVEN that a Special General Meeting of the above Society will be held at the Registered Office on Tuesday, 25th September 1990 at 9.30 a.m.

AGENDA

1. To receive any apologies for absence.
2. To read the Notice of Meeting.
3. To approve the Minutes of the last General Meeting held on 11th April 1990 and consider any matters arising therefrom.
4. To close to new entrants the following Tables:- OL1, 2 & 3, APP, ULI, APPU, SPIS, ORHW7, SNPE1, JNPE1, GB, IB, LCEI, 1, 3 & 4, ILCE1 & 2, OR7, CTA & I, TA1, FIB, WP, OAS, RA(DA), RA7, WLS4, 5 & 6, PPS4, 5 & 6.
5. To delete any reference to any Table of Assurance or Annuity (and consequentially amend the terms of relevant policies written under those Tables) to an Increase-, Extension-, or Replacement-Option EXCEPT in tables CTA & I, TA1, RAU1 & 2, PPS1 & 2, RAS, and ILCE1 & 2.
6. Conditional upon confirmation of authorisation from the Department of Trade and Industry to trade as an Insurance Company, to record the proposed date of registration of the Special Resolution adopted by members on Thursday 23rd November 1989, and of the cancellation of the Society's registration as a friendly society in accordance with Section 84 of the Friendly Societies Act 1974, and to deal with any with any attendant matters.

By Order of the Committee
D.R. REES.
Secretary



Look closely at these images of Ellis Island. You may be staring at one of your ancestors, or a spot where they once stood.

These sights and sounds were the first experiences that seventeen million immigrants had when they came to America to realize a dream. A dream of a better life for themselves and generations to come.

NYNEX® is helping to keep that dream alive for all Americans by capturing these images and thousands more, on an interactive videowall. This interactive experience is part of the learning center NYNEX donated to the Ellis Island Museum of Immigration, to be managed by the National Park Service. Visit Ellis Island, and experience the spirit of our ancestors through the technology of today.

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'Paris Society' by Max Beckmann, 1931

The Guggenheim comes to Europe

William Packer reviews a selection from the great New York collection in Venice

From Van Gogh to Picasso: from Kandinsky to Pollock seems clear enough a title for a portmanteau exhibition of early modern art. The connotations are neither off-puttingly specialised and exclusive, nor patronisingly simple and populist. Here are names with which the interested public might be assumed to be reasonably familiar, and who knows but that a certain train of critical analysis may propose itself. But there is rather more to the selection of modern art from the Guggenheim Museum in New York, that now occupies the Palazzo Grassi in Venice (until December 9: sponsored by Fiat, which has restored and now runs the Grassi as a venue for major exhibitions), than a first too easy reading might allow.

To warn, however, is not necessarily to condemn, and it must be said at once that this is a most handsome show, full of great works, from Degas, Manet and Cézanne to Jackson Pollock. Some are already familiar, for a museum so conspicuous for the quality of its holdings, and generous in its response, is hardly likely to be exempt from regular curatorial requests. But to have the opportunity to see so many of them together on fresh walls, is to see both them and the Museum itself, in its being as collection rather than place, anew.

This present case, however, goes somewhat beyond simple self-presentation. The fabric of the Guggenheim Museum in New York is at the moment undergoing a thorough programme of redevelopment and extension, yet already it is accepted that what is being done will prove inadequate to the demands of the collections, given the expectations of modern museum practice in terms of exhibition, acquisition, conservation and education. The acquisition this year of the Panza collection of minimal and conceptual art that is so notoriously greedy of space, has only concentrated minds further. An outpost abroad to establish the Guggenheim as a truly international organisation, with all the opportunities it would allow for transfer and exchange within the collections, is an obvious and desirable solution to the problem. And with the long association of the errant daughter of the family with the city, Venice seems as obvious a choice.

Peggy Guggenheim's Collection has been administered by the parent Foundation these 15 years past, but her old home where it is held, the low Palazzo Venier de Leoni on the Grand Canal below the Accademia, is incapable of extension. Though nothing is yet concluded, the hope is to take over the Dogana, the long disused customs house a short walk away at the very tip of the Dorsoduro. It occupies one of the most spectacular sites in Venice, marked by the great golden globe on its little tower, poised between sea and air.

"Unto every one that hath shall be given, and he shall have abundance:" whether Venice actually needs any further endowment, either of great art or the visitors come to see them, is an open question, but readier access to a great collection, especially in these days when every conservator's instinct is to keep paintings just where they are, is to be welcomed in principle. We shall see about Venice, and in the meantime the Guggenheim has great schemes afoot at Salzburg, where its architect, Hans Hollein, proposes to carve its galleries from the living rock of the Monchsburg, at the very heart of the city. Whichever way these plans develop, this present exhibition at Venice must be seen as no mere occasional treat, but as positive foretaste and declaration of intent.

What it actually is as an exhibition is something else again. All private collections are by their very nature arbitrary and ad hoc, the creatures of opportunity and personal enthusiasm and taste. Where the institutional curator may reasonably seek to fill a gap or make a critical point, not by a major but by a representative, even an inferior work, the true amateur will always go for the best available of what interests him, whether it makes art historical sense or not. And the Guggenheim is very much an aggregation of private collections, wonderfully high in quality.

In making this selection for the Palazzo Grassi, the organisers may have sought to summarise a coherent and accepted history, but what in fact they give us is no more than the old received wisdom, that Paris was the centre of the universe. It is a view that perhaps informed the collectors themselves, but which with every fresh look seems more tendentious and inadequate. The School of Paris, such as it ever was, must always remain important, but can no longer command an automatic primacy. Wonderfully cosmopolitan, the community of artists that found itself together in Paris needed no reminding of what was going on elsewhere: it was rather the curators and critics, making history, who found it convenient to look no further.

So here there are but one or two German expressionist works, with only a magnificent Max Beckmann to bring us forward into the 1930s, and only de Chirico and Modigliani of the Italians, which in the light of the last year's significant Italian show at the Grassi itself, is the more extraordinary. The Romanian, Brancusi, is beautifully represented, so too the Russians, Kandinsky and Chagall. For the Dutch there is a fine sequence of Mondrian, with Ernst and Giacometti for the Swiss, Kupka for the Czechs, for the Spanish, Miró, Dali and of course Picasso. All of these artists were Paris-based for significant periods. There is nothing British at all, but for a single Henry Moore catalogued but not shown – no Bacon, Nicholson, Nash, Lewis, Sutherland, Hepworth. The final room of Jackson Pollock is enough to pass the torch from Paris to post-war New York.

But if the art history is partial, the works of art remain to justify the exercise entirely, with Picasso the constant presence and hero. His extraordinary *Moulin de la Galette* of 1900, with the *demi monde* dancing the night away in odd anticipation of Beckmann's louche 1930s Parisiens, reminds us that a full study of the very young Picasso is overdue.

Wand's Bruckner

ROYAL ALBERT HALL/RADIO 3 & BBC2

Sunday evening's Bruckner Fifth Symphony by Günter Wand and the BBC Symphony Orchestra must count as one of the glories of the 1990 Proms season. The great qualities of Wand's Bruckner performances are above all the conductor's sanity of vision, his knack of finding tempos for the vast movements that unfailingly let the music "speak" most directly, his gift of drawing ensemble playing absolutely natural in balance and idiomatic in character. Under his baton the BBC orchestra develops a corporate radiance that none of its other regular conductors knows how to match, yet the sound is never notably rich, sweet or deep-toned in the Viennese manner – rather, the beauties are of those of calm, orderliness, discipline.

Since 1982, when this splendid German senior began his regular sojourns in London, we have been praising his Bruckner performances in terms such as these. Couched thus they sound rather temperate virtues, yet this Fifth was a serenely uplifting experience, a mighty journey led by a guide with an innate sense of direction – of which the listener's magnificent feeling of arrival at the close was the surest token of evidence.

The Fifth is the longest of all the Bruckner symphonies; in less knowledgeable and patient hands it can seem so. Here, in a hall acoustically resonant enough to let all its parts breathe, the music was moved steadfastly on its course with no lagging, no hesitations, no exaggerated pauses to admire the view. The climaxes at the end of the first three movements were large but not earth-shattering: it is indeed a musician of a wise old school who knows how to keep grandest for last.

Wand's is not the only way with this work or this composer. Others have shown us streaks of pain, surges of dramatic energy, craggy peaks and brilliant skyscapes not admitted to his Horatian vision. That does not make it any the less precious.

★

The Sunday afternoon Proms treat was Britten's *Noye's Fludde*. The hall was packed with parents and children, the platform with a lattice made of scaffolding up which Noah and his brood (all dressed in construction-worker suits) and wittily-masked animals clambered – later to spin coloured umbrellas (as the flood was as its height) and finally to let down streamers and banners of rejoicing. In the middle of the Prom arena, God, in the (at first unlikely) person of Cleo Laine, stood on an umpire's chair, dressed in crimson spangles and beaming her declamations to the furthest corner with a thrilling combination of dusky verbal resonance and old-fashioned rhetoric. The presence of Donald Maxwell (Noye) and Della Jones (Mrs Noye) guaranteed moments of comedy that were broad but never crass.

This Finchley Children's Music Group staging, by Abigail Morris in the designs of Tom Piper, was brilliantly fresh. For all its inimitable qualities of practicality and theatrical imagination the opera can seem dated, cute and prissy. It gained here a whole new lease of life, a toughness and freshness that marvellously matched the shrilling, tintinnabulating beauties of the orchestral writing as realised under Ronald Corp's expert musical direction.

Max Loppert

Junge Deutsche Philharmonie

ROYAL FESTIVAL HALL

"Brave New Worlds" is the banner headline for the two-month festival with which the South Bank has elected to begin its new season. It promises a celebration of "The Rebellious Generation," by which it defines the artists, composers, writers active between 1945 and 1968 – not the most original theme for a festival.

The South Bank's treatment of it seems hardly novel either; indeed much of the programming looks distinctly half-baked, as if a serendipitous collection of bookings had been nudged into the semblance of a coherent plan, and a few trimmings added later.

The festival opened on Friday with Stockhausen. The performance of his evening-long electronic pageant *Hymnen* was not given in the orchestral version originally announced (funds evidently would not stretch to that) but instead Stockhausen's own family troupe, led by his sons Markus and Simon, provided the improvised, semi-staged accompaniment to the taped array of national anthems and assorted *objets sonores*.

Sunday's concert, however, did muster an orchestra, and a very fine one; the Junge Deutsche Philharmonie is made up of German music students, and has already attracted wide attention for its performances and recordings with Abbado and Henze. It is currently working with Pierre Boulez for the first time, and on this evidence already responding vividly to him. Their programme, a quintessentially Boulezian one, was overwhelming, wonderfully keen in its attack and accuracy, unswerving in its momentum.

By now one should be able to take the expressive flexibility of Boulez's more recent conducting for granted, but it continues to surprise and delight, perhaps because it remains wedded to his long-established care for texture and ensemble. He still treats Debussy's *Jeux* as a miracle of colour and suggestive form yet allows more frank sensuousness to permeate its melodies and its climax to acquire a shimmering eroticism, and while teasing out all the rhythmical clockworks of Messiaen's *Chronochromie* allows the players much more licence. Would the Boulez of the 1960s really have given his percussionists such a long leash in their birdsong toccatas, or unleashed the 12-notes chords of the closing bars with such dramatic grandeur?

These would have been stunning performances from a fully professional orchestra, and Junge Deutsche Philharmonie does not claim to be that. Yet the way in which Boulez steered the players through the ramifying brilliance of his own *Notations* and then launched them into an assault on Varèse's *Amériques* made no allowances whatsoever. *Amériques* was almost brutally direct; one can dissect its idiom into modernist components – lots of *Le Sacre* , a touch of Debussyan allusiveness here, hints of Ravel there, and an inescapable touch of Strauss's *Salome* – but still not gainsay its remorseless energy. Boulez kept it on course uncompromisingly. There is something terrifying about Varèse realised as completely as this; his vision of the New World may not have been the brave one embraced by this festival, but it is one to send real shivers down the spine.

Andrew Clements

Sir Thomas More

SHAW THEATRE

There is much to be said for *Sir Thomas More*, the play by a galaxy of Elizabethan dramatists, possibly including Shakespeare, now receiving its first professional London production at the Shaw Theatre. As a subject, it is more promising material than some of the plays that Shakespeare wrote on his own: *Richard II*, for example, of which it sometimes reminds you. More was the first lay Lord Chancellor. He was a religious man, but chose the law rather than the priesthood as a profession. He preferred European federalism to English nationalism, refused to go along with Henry VIII's break with Rome and as a result, had his head cut off. That alone suggests a lasting topicality.

Although this is not mentioned in the play, More wrote in his book *Utopia* of an elected monarchy, admittedly for life, but with the possibility of the sovereign being removed if he were to become too despotic. So More was always a potentially subversive figure.

He was also opposed to xenophobia. There was a lot of it about, both when he lived (1478-1535), and in the last decade of the 16th century, when the play was written. The people of London frequently rioted against the presence and influence of foreigners. That was why the play was so heavily censored and returned to the great playwrights of the day for rewriting: Munday, who was the original author, Heywood, Dekker and perhaps Shakespeare. All of them must have known what wonderful stuff it was, but also how explosive.

The scripts were lost until the middle of the 19th century. There has been a certain amount of work since on the scripts about who wrote what, but leave that to the scholars. The fact is that the play is well worth staging. It includes nearly all the elements of Elizabethan drama: angry crowd scenes, soliloquies, violence, pathos, satire and Fools.

It has an added attraction: an ability to surprise. Never having seen it before, one is fascinated by the way it develops right to the final execution. There is a previous execution on stage by hanging, worthy of a Hollywood stuntman.

Sir Thomas More is played by Ken Bones, an actor whose name fits the face. He looks like Norman Tebbit and is exactly right for the part. In terms of biography, the play is slightly too kind to More, who did not always apply his liberal principles to heretics. But in his performance Bones injects the necessary ambiguity.

The production comes from the One Stage Company, directed by Michael Walling. One hesitates to recommend people to go the rather bleak Shaw Theatre, which on Saturday was about 10 per cent full. Yet the production is very good. It is the sort of stuff that should be shown at the National or the Royal Shakespeare. The play runs at the Shaw till September 29.

Malcolm Rutherford

Beethoven & Bartók

WIGMORE HALL

The pianist András Schiff has arranged the latest Wigmore mini-festival this week, which offers most of Bartók's chamber music (including all six quartets, played by the brilliant Takács team) and a lot of Beethoven's (no quartets, but all the string trios and much more). The first two trios were heard on Sunday morning; in the evening we had a more extensive and various spread.

And uneven: though Schiff's own contributions were beyond reproach, there was something provisional about each of his four partnerships here.

With the soprano Sylvia Sass, Bartók's five op. 16 songs on hugely depressive poems by Endre Ady sounded striking enough. The usual Sass intensity was brought to bear, attitudes and all. While Schiff addressed the fascinating piano parts with strict loyalty, the singer stretched out her unaccompanied phrases for maximum despair. Effective, but not perhaps what the composer intended: the unbridled originality of these near-atonal songs is balanced by the surprising tautness of their silhouettes – which go slack and out-of-focus if passing moments are made too "interesting." I know of no other Bartók music in which the written proportions allow for much histrionic bending, and doubt that the Ady songs are exceptions.

We heard Beethoven's last sonatas for violin, the op. 96 one in G, and for 'cello, no. 2 of op. 102. To the former Norbert Brainin brought pawky character, tolerably well-matched with Schiff's brittler, more +soigné+ address; but in the D major Sonata Schiff sparkled hard (with piano-lid fully open, probably a mistake) while Miklós Perényi's soft-breathed, introspective 'cello conducted a private enquiry. The contrast between the eager clatter of Schiff's introduction and Perényi's gentle first entry was surreal, and only in the fugal Finale did they reach a kind of accommodation.

The notion of a "festival standard" was dented worst, however, by the performance of Bartók's First Violin Sonata at the start of the evening. Schiff's account of the rich piano-part was even better than in his memorable collaboration with Gidon Kremer, a few years back. But the Sonata was composed for Jelly d'Aranyi, a gypsy of high virtuosity and unpredictable passions; and this time Schiff's chosen partner was Yuuko Shiokawa – plainly a good, careful musician, but no risk-taker. Where the violin should command imperiously, she followed, and where haunting colour was required the resources of her palette were too modest. Having performed the Sonata with Kremer, Schiff knows very well how much more is possible.

David Murray

ARTS GUIDE

September 7-13

MUSIC, OPERA, BALLET

London

Promenade season at the Albert Hall
Royal Concertgebouw Orchestra conducted by Riccardo Chailly in a programme which includes Beethoven's first symphony and Prokofiev's third (Tues) (589 9465).

London Symphony Orchestra conducted by Michael Tilson Thomas with Emanuel Ax as soloist in Beethoven's first piano concerto. Other works include La Mort de Cléopâtre by Berlioz and Janáček's *Sinfonietta* (Weds).

BBC Symphony Orchestra conducted by Lothar Zagrosek perform the second symphony by Brahms and Webern's Six pieces (Thur).

Royal Opera, Covent Garden. The season opens on September 10, with *Turandot* sung by Dame Gwyneth Jones for the first performances in a revival of Andrei Serban's kabuki-inspired staging.

English National Opera, Coliseum. The season-openers are *Tosca*, updated (not entirely successfully) by Jonathan Miller to the 1940s, with Jane Eaglen in ringing voice in the title role; and Nicholas Hytner's lovably fresh, sensitive production of *The Magic Flute* in its latest revival, conducted by Jane Glover, with Neill Archer, Benjamin Luxon, Cathryn Pope, and John Connell.

Ballet. From Tuesday the American dance company Momix will be on view at Sadler's Wells, for devotees.

Paris

Orchestre National de France conducted by Charles Dutoit, with Martha Argerich (piano). Radio France Choir (Thur) (47203637).
L'Abbaye de Royaumont. The Royaumont Foundation Centre de la Voix organises musical Saturdays with Schoenberg, Donatoni, Ferneyhough and Huber concerts on Sept 16. Handel concerts on Sept 23, 29 and Oct 6 combined with lectures and visits to the Cistercian abbey (30353016).
Théâtre de la Ville. Karine Saporta's *La Poudre des Anges* brings hysteria and the subconscious into the Saportian universe (42742277).
Strasbourg, Mulhouse and Colmar host the Rhine Opera with its own choir and ballet corps. Under the directorship of René Terrasson the opera presents an ambitious programme for its 11th season. *Orpheus* and *Parsifal*, Penderecki's *Black Mask* and Martinu's *Greek Passion* and *Die Zauberflöte* are grouped under the title of Initiation, while a lyrical monologue, an operetta, Prokofiev's *Romeo et Juliette* and Schoenberg's and Fritz Cohen's ballet evening are part of Questioning (Strasbourg 88754823/24/25).

Amsterdam

The Cleveland Orchestra conducted by Christoph von Dohnanyi. Beethoven, Lutoslawski (Thur). Concertgebouw (718 345).
Musiektheater. The Netherlands Opera with a new production of *Parsifal* directed by Klaus-Michael Grüber. Netherlands Philharmonic is conducted by Hartmut Haenchen, with Barry McCauley in the title role. The National Ballet performs *Memories from Underground* (Van Dantzig/Henze) and *Requiem* (Van Schayk/Mozart) (255 455).

Brussels

San Francisco Symphony Orchestra conducted by Herbert Blomstedt. Mozart,Nielsen and Richard Strauss (Tues). Palais des Beaux-Arts.

Orchestre de Paris conducted by Semyon Bychkov. Dutilleux, Shostakovich and Stravinsky (Wed). Palais des Beaux-Arts.

RTBF Symphony Orchestra conducted by Andre Vandernoot with Ulf Hoelscher (violin). Mahler and Mozart (Thur). Maison de la Radio.

Théâtre Royal de la Monnaie. The Monnaie Opera in a new production of Verdi's *Simon Boccanegra* produced by Gilbert Deflo, staging by Carlo Tommaso, with Jose van Dam as Simon, Nancy Gustafson as Amelia, David Pittsinger as Fiesco. Sylvain Cambreling conducts the Monnaie Symphony (Wed).

Frankfurt

Opera. *Iphigenie en Tauride* returns with Sylvie Brunet, Gregory Yurisich, Christopher Robertson and Keith Lewis, conducted by Steven Sloane. The successful *Die Nase* production by Johannes Schaaf has a strong cast led by Alan Titus, Dieter Bundschuh and William Cochran. William Forsythe's ballet *Limb's Theorem* also returns.

Hamburg

Opera. *Der Liebestrank* stars Alida Ferrarini, Francisco Araiza, J. Patrick Raftery and Rolando Panerai. *Ein Sommernachtstraum* has wonderful John Neumeier choreography. Two other ballets, jointly choreographed by John Neumeier and George Balanchine round off the programme.

Berlin

Opera. A Ruggero Raimondi Lieder recital with pianist Edelmiro Arnaltes opens the week. *Cosi fan tutte* in Götz Friedrich's production is sung by Angela Denning, Mariana Cioromila, Carol Malone, Alejandro Ramirez and Andreas Schmidt. *Les Intermittences du Coeur* is choreographed by Roland Petit and *Bolero* by Maurice Béjart. The Dresden Opera appears with Prokofiev's *Die Liebe zu drei Orangen* and *Elektra* as part of this year's Berlin festival.

Madrid

Opera of Minsk Ballet. Programme of selected pieces from famous ballets, consecutive performances alternate *SwanLake*, *Nutcracker* and *Spartacus*. Palacio de los Deportes. Ends September 16.
Ballet cristina hoyos dances *Suenos Flamencos*. Teatro LiricoNacional la Zarzuela. Ends September 16.

Milan

Myung-Whun Chung conducting Weber, Bruch and Berlioz (Wed and Thur). Teatro Alla Scala (809126).
Teatro Alla Scala. Rudolf Nureyev's version of *Swan Lake* with sets by Ezio Frigerio and costumes by Franca Squarciapino.Isabel Seabra and Oliver Metz alternate with Isabella Guerinand Andrei Fedotov as Odette/Odile and the Prince. Nureyev dances the part of the magician Rothbart (809126).

Genoa

Manfred Honeck (conductor) and pianist Tzimon Barto in Rachmaninov, Glinka and Beethoven (Wed). Teatro Comunale (Teatro Margherita) (589329).

Parma

Teatro Regio. A new festival set in and around Verdi's birthplace at Busseto opens with the French translation by Emilio Pacini of Verdi's *Il Trovatore* – *Le Trouvere*, with the choir and orchestra of the Opéra de Paris and the corps de ballet from La Scala. Daniela Dessi, Elisabetta Fiorillo, Martine Surais and Kristjan Johannsson are in the cast; conductor is Vjekoslav Sutej (218678).

New York

New York Philharmonic conducted by Zubin Mehta, with Mstislav Rostropovich (cello). Mozart, Bloch, Tchaikovsky (Wed). Avery Fisher Hall, Lincoln Center (874 6770).
New York City Opera. The week features the first seasonal performances of *Street Scene* in Jack O'Brien's production conducted by Chris Nance with Margaret Cusack as Anna Murrant and Kevin Anderson as Sam Kaplan. John Absalom is Luka Kuzmic and Jon Garrison is Skuratov in Rhoda Levine's production of *From the House of the Dead* conducted by Christopher Keene. Sharon Graham has the title role in Frank Corsaro's 1930s production of *Carmen* conducted by Hal France with John Absalom as Don Jose. New York State Theatre, Lincoln Center (307 7171).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Key, Schuman, Copland, Mussorgsky/Kindler, Mussorgsky/Ravel (Wed). Concert Hall, Kennedy Center (467 4600).

Tokyo

Japan Philharmonic Orchestra conducted by Naoto Otomo. Takemitsu, Sibelius. Bunkamura, Orchard Hall (Tues) (477 4344).
NHK Symphony Orchestra conducted by Yuzo Toyama, with Yuri Bashmet (viola). Haydn, Brahms-Berio, Schnittke, Prokofiev. NHK Hall (Wed, Thur) (465 1781).
Shinsei Nihon Orchestra conducted by Naozumi Yamamoto. Takemitsu, Gershwin, Copland, Bernestein. Bunkamura, Orchard Hall (Thur) (477 4244).
Salome. New production conducted by Seiji Ozawa, with Eva Marton, Ragnar Ulfung and Helga Dernesch. Tokyo Bunka Kaikan (Thur) (289 9999).

Cologne

Opera. *Siegfried*, part of the new Ring cycle is a co-production with the Düsseldorf Opera, produced by Kurt Horres, brings renowned Wagner portrayals William Johns, Martin Finke, John Del Carlo, Anne Gjevang and Deborah Polaski. *Madame Butterfly* has Hiroko Nishida outstanding in the title role.

Meredith Monk at the Festival Hall

Book of Days, a vocal composition by American composer Meredith Monk, receives its first and only British performance to launch the Voice Over Festival on September 20 at the Royal Festival Hall in London.

The festival is a major celebration of the human voice which will take place all over London throughout October and November.

Timothy West at Bristol Old Vic

Timothy West is to lead a new resident company for the first two productions of Bristol Old Vic's autumn season, starring in a new production of the 18th century comedy *The Clandestine Marriage*, and taking the lead role in *Uncle Vanya*.

The season opens on October 4 with *The Clandestine Marriage*, the Chekhov play following on November 8.

FINANCIAL TIMES

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Tuesday September 11 1990

Emu, but not yet

MR JOHN MAJOR has reason to feel pleased with the outcome of this weekend's meeting of European Community finance ministers. He has not, it is true, persuaded his peers of the merits of the British plan for a "hard" Ecu. Nor has he persuaded them of the undesirability of a single currency run by an independent central bank.

What has changed is the debate over timing. Unless the heads of government make the mistake of imposing a purely political decision on their finance ministers, the dream of Mr Jacques Delors for a move to the second stage of economic and monetary union on January 1 1993 is now unlikely to be realised.

This change of mood represents a victory for common sense. It is also a move by the individual member states towards a more nuanced appreciation of their individual national interests.

Portugal and Greece, for example, see Emu as *feasible* only with a greater commitment to regional transfers than is likely to be forthcoming. Mr Carlos Solchaga, the Spanish Finance Minister, now calls for a single currency only by the year 2000. In this he must be influenced by the difficulties his country has experienced in adjusting to membership of the exchange rate mechanism of the European Monetary System. Meanwhile, Germany and the Netherlands fear that too hasty a move to Emu would undermine the monetary stability that they already enjoy.

Not surprisingly, Belgium, Denmark, France and Italy alone cling to the Delors timetable. For these countries Emu represents a way of regaining the influence on national monetary policies that they have forgone through their membership of the ERM.

Long-standing doubts

The re-emergence of long-standing doubts does not mean that the UK's detailed positions have won supporters. What it does mean is that the economics of Emu are influencing the politics once more.

Several governments now recognise that the premature fixing of exchange rates may generate severe maladjustments within the EC. These maladjustments would either force the overall monetary policy of the EC in an unduly inflationary direction or would compel a major expansion in costly (and probably ineffective) regional policies.

Consequently, greater convergence is now likely to be made the trigger for further moves towards Emu. This emphasis on convergence would satisfy the Bundesbank's desire for a period during which currency stability is properly tested. But, despite this success, Mr Major has not won the Bundesbank over to the cause of the hard Ecu.

Parallel currency

The Bundesbank sees any parallel currency as complicating its task. If Mr Major wishes to sell the "hard Ecu" in the teeth of such doubts, he must suggest that the planned European Monetary Fund be endowed with the independence that the Bundesbank demands of the proposed Eurofed. Better still, the British Government should endorse the long-term objective of a single currency, to be run by an independent central bank.

The British proposals are, in any case, only one route towards Emu. An alternative approach is the "two-speed" Europe that the Treasury abhors. Member countries that are already in a train pulled by the German locomotive want to move into the cab. If countries like Belgium, Denmark, France, the Netherlands and perhaps Italy persuade the Germans to move towards a single currency with them, this could prove a useful step towards EC-wide union, rather than an obstacle to it.

Mr Major's success, however limited, has been achieved by his courtesy and his common sense, attributes not always seen in British approaches to the EC. He would achieve still more by offering agreement on the objective of a single currency. He might further reinforce the credibility of his proposals by stating that the hard Ecu may be used, for tax purposes, in the corporate accounts of the UK (so introducing inflation-accounting at a stroke).

A serious debate on the next steps has now been joined. The heads of governments should not override the conclusion of some of their ministers. The political imperative of "Emu now" is too likely to mean Emu far too soon.

Computer users on the warpath

LARGE computer users in the US and Europe seem at last to be shrugging off the yoke of ignorance and complacency which has long kept them in technological thrall to computer manufacturers. But this welcome shift in the balance of power may be under threat from Brussels.

The best evidence of this new independence among the users is the emergence of lobbies such as the recently formed "Houston 30" in the US and the "Computer Users of Europe (CUE)." The membership consists almost exclusively of the larger corporations and the organisations aim to promote the acceptance of common standards throughout the computer industry.

Widespread adoption of common standards promises greatly improved efficiency for large computer users. The possibilities include the ability easily to connect together systems from different manufacturers, something that today is either a complex task or downright impossible. Software written for one machine could be used on other systems without modification.

Most important of all, common or open systems would free computer users from allegiance to any single manufacturer. They would be able to choose the most effective hardware and software solutions without the added inconvenience of converting from one design of machine to another.

The potential rewards for open systems working are so large that many organisations, with the central and local government and the armed forces in the vanguard, have already started to put open systems strategies in place.

Investment threatened

These users now believe their investment is threatened by a draft directive on software protection prepared by the European Commission and now making its way through the Brussels procedures.

The directive has already split the computer industry and given rise to lobbying in Brussels and Strasbourg on an unprecedented scale for such an abstruse issue. The aim of the directive is to stop software piracy. Its effect, however, would be to ban "reverse engineering" – analysing how a system works in order to establish how other computing systems might be attached or made to co-exist with it, without the express permission of the developer of the system.

Unfair advantage

This is the heart of the problem. There are fears that the larger computer companies, especially International Business Machines and Digital Equipment, might use this provision unfairly to their own advantage by, for example, delaying the granting of permission to reverse engineer or giving permission selectively. On the basis of past experience, these fears are not far fetched.

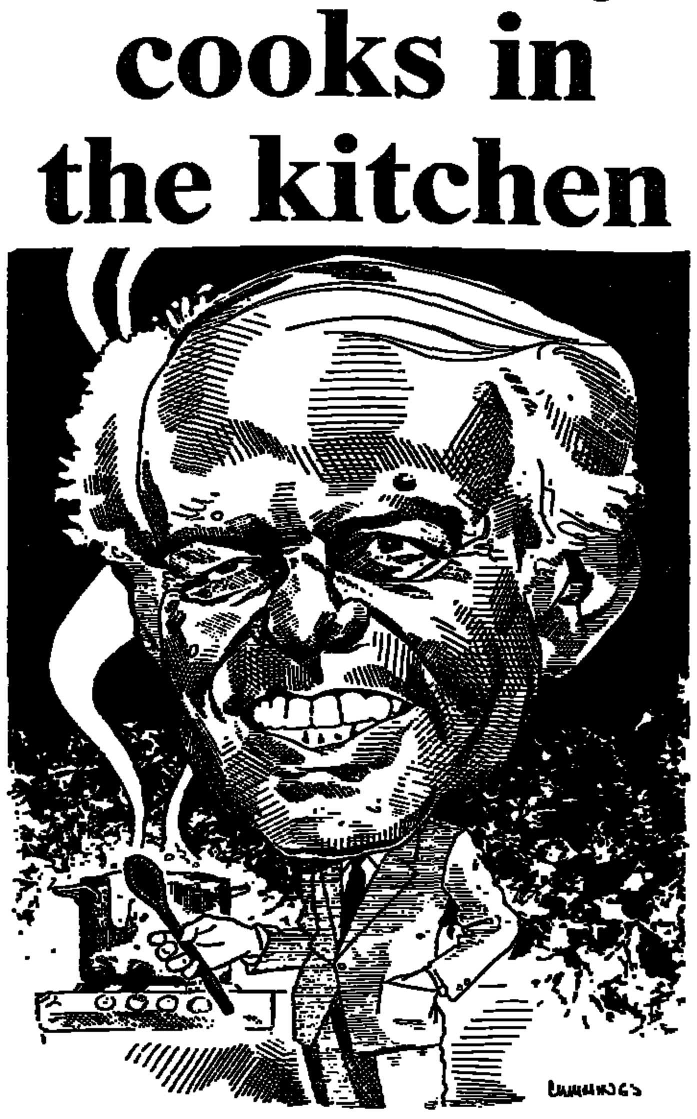
Organisations such as CUE argue that if reverse engineering is outlawed, they will be unable either to carry out routine work to connect systems together or to eradicate errors; furthermore they will be unable to employ independent software specialists to do the work for them.

There is, fortunately, a simple, commonsense solution. The draft directive should be modified to allow a limited level of reverse engineering without permission in order to allow manufacturers and users to build compatible, error free systems. This idea of "fair use" of software is already part of the UK's software protection law.

The stumbling block to acceptance of this idea has been the understandable ignorance of officials in Brussels and members of the European Parliament of the subtleties inherent in software engineering, together with the confusion caused by the lobbying efforts of the major computer manufacturers. But there are indications that Brussels is beginning to take the idea of fair use on board and that the next draft of the directive will incorporate these ideas. In the meantime, computer users should continue to make their views heard. Data processing is too important to leave to the suppliers.

John Wyles and Haig Simonian on the struggle to control Enimont, Italy's troubled chemicals group

Too many cooks in the kitchen



Commodities trader Mr Raul Gardini, who controls Montedison

The controversy which for more than a year has raged around the ultimate ownership and control of Enimont, Italy's benighted public-private chemicals joint venture, might be seen as one of the most disastrous passages in the history of the nation's chemicals industry – if, that is, it had not been preceded by so many others.

For many years now, political interference and entrepreneurial error have made chemicals an embarrassing exception to the generally successful story of Italian manufacturing. Sadly, the Enimont saga has many of the characteristics of preceding calamities.

It began with a flawed 1988 agreement between the state petrochemicals producer, ENI, and the main private chemicals manufacturer, Montedison, to pool assets in the cause of creating the world's ninth largest chemicals producer, accounting for 35 per cent of Italian output. The ambition was to remedy as quickly as possible Italian chemicals' lack of international reach and technical achievement which was leading to a growing dependence on imports.

With hindsight it can be said that the founding agreement giving ENI and Montedison 40 per cent each of Enimont was unclear about corporate strategy. It also lacked the cement of complementary business cultures. ENI is more sensitive to political pressures to maintain jobs while Enimont's requirement is for rapid restructuring. Montedison is in altogether more of a hurry to go in this direction.

This fundamental conflict spelled trouble under a management constrained to share corporate direction between an ENI-appointed president and a Montedison-nominated managing director. Behind the Montedison appointee, Mr Sergio Cragnotti, stood the brooding figure of Mr Raul Gardini, the commodities trader from Ravenna. Mr Gardini had gathered control of Montedison in 1987 during a three year blitz which had transformed his Ferruzzi group into Italy's second largest private sector business.

Infuriated by the Government's failure in 1989 to secure parliamentary approval for L840bn of tax deferrals which he regarded as a vital adjunct to the Enimont agreement, he first set the political dovecotes of Rome afluttering in June 1989. Then he announced somewhat prematurely that he would ultimately avail himself of the clause in the founding agreement which could give him full control of the company after three years.

This declaration may have been designed to help the floating, as per founding agreement, in September 1989 of 20 per cent of Enimont. Somewhat predictably, Mr Gardini went fishing among the new third party shareholders and, by the early spring, he had recruited allies with 10.1 per cent of the equity. This gave him day to day management control and helped to secure the resignation of Mr Lorenzo Necci, the ENI-nominated president of Enimont, but was not enough to impose a corporate strategy on Enimont against the wishes of Mr Gabriele Cagliari, the ENI president.

For most of the year the case for an orderly divorce has seemed overwhelming. Until last week, the task was beyond the reach of the two warring parties because of differences within the present Italian Government, headed by Mr Giulio Andreotti, which owed much to a struggle within the dominant Christian Democrat party. However, the resignation in July of Mr Carlo Fracanzani, the Minister for State Shareholdings, cleared the way for action on Enimont by his successor, Mr Franco Piga, an "andreottiano" who is also a friend of Mr Gardini.

Last week, the Government was at last able to acknowledge that ENI and Montedison had probably fought themselves to a standstill over Enimont. Ministers agreed an exquisitely Italian formula which urges the two parties to have one last try at finding a *modus vivendi* and, in the almost certain case of failure, offers a divorce procedure.

This allows for one partner to buy out the other, with Mr Gardini having first refusal on a price to be determined by ENI. If he does refuse, then ENI must buy him out at the same price. How the price is to be determined is still not clear. Mr Piga has promised "objectivity and transparency" in fixing the ENI offer, adding a homily that an ENI purchase must be financed out of its own funds, and not those of the state. In the meantime, he has asked ENI's Mr Cagliari to take on the Enimont presidency during the conciliation and negotiation phase.

One theory to be tested by the government's procedure holds that Mr Gardini's entire strategy – notwithstanding his many denials – has been directed at getting out of chemicals at the best possible price. Why, it is asked, should he want to sink around L2,500bn into a company with a debt in the region of L8,000bn and which may need to sell assets this year to cope with declining earnings prospects, not least because of the Gulf crisis?

Mr Gardini's overall holding company, Ferruzzi Finanziaria, recently wiped out most of its net debt through a L2,700bn sale of its direct holding in La Fondiaria, the Florentine insurer. This may have been to make way for another 40 per cent of Enimont, some or all of which, Mr Gardini may then plan to sell on. But the fact remains that, presently, Enimont is not a very attractive investment proposition for Mr Gardini.

As the world's ninth biggest chemicals concern, it is facing an uphill task in competing effectively with its international rivals at a time when the chemicals cycle seems set on a downward path – as the recent warning by West Germany's BASF of a possible 40 per cent fall in earnings this year underlines.

At the German group Bayer, uncertainty over oil prices and exchange rates meant second quarter pre-tax profits slumped by 14 per cent to DM 1.1bn. And profits for the same period fell by 18 per cent at Hoechst, also of Germany.

Moreover, Enimont's current portfolio is heavily weighted towards bulk chemicals and other low-value, high-volume products. It is Europe's second biggest maker of bulk plastics, and one of the world's biggest producers of ethylene.

As Europe's third biggest fertilisers group it is struggling in another low-value area hit by overcapacity and low prices. The market situation is barely brighter for acrylic fibres – where Enimont is Europe's biggest producer. Where bigger rivals have long since embarked upon an international strategy to smoothe variations in demand patterns and to diversify their risk, Enimont remains firmly anchored in Italy for 80 per cent of its production from plant which looks antique compared with much of its competition. It depends on the Italian market for 55 per cent of its sales while the big three German chemicals groups and ICI all derive only about 25 per cent of sales from their home country. In the Far East, which is expected to account for much of the growth in chemicals demand in the 1990s, Enimont's presence is particularly weak.

Enimont has not been blind to its structural difficulties. Its management has already started the Montedison-ordained process of adjusting its chemicals portfolio through non-strategic asset sales worth L1,000bn in the second half of this year, and is discussing further sales worth L500bn.

Some L110bn came through the disposal of its majority stake in Auschem, a quoted subsidiary making chemicals for the textiles industry. Selling Sclavo, its pharmaceuticals subsidiary, contributed L100bn. Such disposals saved Enimont from a first half loss when operating profits amounted to L477bn on sales of L7,111bn, while net earnings were just L182bn. Further disposals should follow.

But Enimont's situation is by no means hopeless, according to Mr Giorgio Porta, the chairman of the Italian chemicals industry federation and a Ferruzzi executive. He believes that the group could still have a glowing future if it repositions its portfolio through a mixture of sales, swaps and joint ventures allowing it to reduce the breadth of its products and concentrate on those activities in which it is most competitive. But for the time being, the problem is that Enimont still has too many cooks in its kitchen.

Telecommunications policy

Competition on the line

By Hugo Dixon

Since British Telecom's privatisation in 1984, its smaller rival, Mercury Communications, has secured less than 5 per cent of the UK's telecommunications market in terms of revenues, and has only in the past two years been able to offer a service for more than half the UK population. Most ordinary customers have still to experience the benefit of competition.

Mercury has had to rely on "interconnecting" with parts of BT's network to provide a comprehensive service – a process it has found difficult. The main exception is Hull, where the council owns the local telephone company. There, under a system known as "equal access," customers dial 12 to be connected to BT or 13 for Mercury. In Hull, Mercury has secured about half the market.

As the Government prepares for a review of telecommunications policy this autumn – with the likelihood that more competition will be introduced – the question of how to prevent BT abusing its current dominant position assumes even greater importance.

Rather than seeking to provide a complete range of services, any emerging rivals to BT seem likely to concentrate on particular niches: cable television companies and personal communications networks, a new breed of mobile operator, will focus on local services; satellite communications groups such as British Aerospace, and utilities such as British Rail, will seek to compete in the long-distance market; and groups such as SCN, a small US company, will aim for the international market.

The snag is that most customers want to buy a complete package of services and not have to deal with half a dozen phone companies. This puts any rivals at a disadvantage unless they can get access to parts of BT's infrastructure on fair terms. BT's practice of "bundling up" its services as a package makes this difficult.

The dangers of BT's vertically-integrated structure are highlighted in a report* just published by Mr Ian Ellison, a director of Robert Fleming, the merchant bank, and former government adviser on telecommunications. Consumers, he argues, have not benefited from competition partly because of BT's structure.

Rather than advocating a break-up of BT on the lines of American Telephone and Telegraph – a politically unfeasible and industrially disruptive move, says Mr Ellison – the report proposes that BT should be required to unbundle its services into five separate parts: local transmission; local switching; long-distance transmission; long-distance switching; and international services.

BT's competitors would be able to buy these services from the company in whatever combination they chose and on the same basis that BT charged to its own in-house operations.

BT would be forced to publish separate accounts for each of the five businesses, giving details of how it allocated overheads between them. It would also be required to earn a roughly equal return from each of the businesses in order to stop it cross-subsidising one sector from the others. Mr Ellison believes that such a regime would provide many of the benefits of breaking BT up without the disadvantages.

This approach is supplemented by a further proposal that the five systems businesses should not deal directly with customers, but be forced to retail their services through separate subsidiaries. Mr Ellison's idea is that BT would run several of these retailing companies – one for each region of the country.

BT would also be required to deal with any other companies wishing to set up competitive retailing operations, offering them the same terms as its in-house retailers enjoyed.

Mr Ellison has the model of the UK cellular communications industry in mind. Racal Vodafone and Cellnet, the two network operators, have to deal through retailers. This, he claims, has been responsible for thriving competition and fast growth.

Rival retailers would pick and choose between the various systems – BT's, Mercury's and those of any new entrants – and then market these as packages. By acting as large intermediaries, the retailers would have the clout to put pressure on BT and on other system providers for service improvements in a way that individuals cannot.

BT had no substantive comment on Mr Ellison's proposals. However, in the past, it has argued against the idea that it should be forced to divide itself into separate subsidiaries on the grounds that customers want to deal with a single point of contact.

Mr Ellison points out that he is not proposing separate subsidiaries for BT's various activities, but merely rigorously separate accounting procedures. He says that his retailer concept would ensure "one-stop shopping" facilities.

He also argues that his proposals would, to a large extent, complement what BT is envisaging under a reorganisation programme called Project Sovereign. This will involve the creation of one network division – responsible for building and maintaining the infrastructure – and two retailing divisions, responsible for marketing services.

The difference, says Mr Ellison, is that his plans would mean the network division would operate as five separate accounting units and BT would face competition from other retailing companies.

* *The telecommunications duopoly review: proposals for policy change. Robert Fleming, 25 Copthall Ave, London, EC2R 7DR, £450.*

OBSERVER

Red Warsaw recycled

■ In Warsaw today what matters is not who you are, but where your office is.

Some amazing new uses are being found for old communist edifices.

There is talk of turning the now abandoned communist party headquarters building into a stock exchange.

The finance ministry's privatisation unit made a good start when it found itself occupying the old rooms of the local communist party cell. After being elevated to full ministry status the unit's private enterprise commandos (they are young and eager) have moved into a building formerly occupied by the government censor's office – still with the name carved in stone: Main Office of Control of Publications.

Meanwhile, the American Bank in Poland, a new investment banking operation, has taken a lease on the headquarters of the Polish-Soviet Friendship Society. And that headquarters is but a few yards from Banking Square, which has been returned to its 19th century name from being named after Feliks Dzierzynski, the first head of the Soviet secret police.

But Lord Baden Powell, if he were still scouting today, would surely raise an eyebrow at the commercial publishers who have bought the former weekly paper of the Polish boy scouts.

They are used a female nude poster to sell the relaunched paper.

Swallow hard

■ Britain's trades union leaders are taking a message back to their faithful after the Blackpool TUC Congress. It can be construed as – listen to nurse for fear of something worse, and swallow your medicine however bitter.

To ram home the point, each general council member has been equipped with a large, empty medicine bottle properly labelled as his or her personal prescription. They are presents from Ada Maddocks, the outgoing TUC president. Many of her local government union (Nalgo) members work in the national health service.

After 11 years of Margaret Thatcher in power, a growing scarcity value is being placed upon memorabilia of great moments in trade unionism. The brothers and sisters hope that their medicine bottles (supplied incidentally by the entrepreneurially-minded Beatson Clark Glass company) will become collectors' items.

They will certainly invoke happier memories than last year's present from Tony Christopher, secretary of the Inland Revenue Staff Federation. He frightened council members out of their wits by giving them each a personally addressed and coded Income Tax demand.

Rotary lunch

■ General Augusto Pinochet, who was forced to relinquish power last March, may be a toothless tiger but he still has a roar.

He has managed to astound and upset most of his countrymen, together with Germany, during just one Rotary Club lunch in Santiago.

The general, who is 74, unexpectedly attacked the West German army as being riddled with, "pot smokers, drug addicts, long-haired homosexuals, and trade unionists". He finished his off-the-cuff speech disarmingly by saying he hoped that his remarks had not been "out of line".

In Bonn, Pinochet's attack has been received with incredulity and is being treated with the gravity accorded an international incident. The West German government says the remarks were "obscene".

"We regret to announce the cancellation of privatisation. Investors are advised to wait until the next century."

It has demanded an apology from Pinochet, who is still commander-in-chief of the Chilean army.

Bonn is unlikely to be pacified by an explanatory note issued by that army saying that Pinochet's speech had been misinterpreted, and that its commander had the deepest admiration, affection and respect for the West German army. Chile's new democratic government, which, like Bonn's, is led by Christian Democrats, has disassociated itself from Pinochet's remarks. President Patricio Aylwin would dearly like to get rid of the old general, but is powerless to do so.

In and out

■ Industry is having to face up to a growing shortage of highly skilled people – particularly engineers – in the south of England.

Which has led to a Gilbertian situation at the MEL plant at Crawley, a division of Philips Electronics.

There a redundancy programme among the 1,000 work force is running in parallel with an energetic recruiting programme. As the last of 131 people who have been made redundant over the last year pick up their final cheques and go, the company is still having difficulty recruiting enough staff to fulfil contracts.

What happened to cause the imbalance in the work force was the arrival of a bumper order for the electronics warfare division to make sophisticated electronics for weaponry.

It was of sufficient size to put strains upon the development department and the engineers employed there.

At the same time the management decided that some of the manufacturing work (metal parts and printed circuit boards) could be be bought-in, thus reducing pressure on the management and allowing the company to concentrate upon the lucrative development work.

Bridget Litchfield, managing director of FOCUS (redundancy counsellors) who handled the redundancy programme says: "This is an example of a new trend as companies become leaner and fitter for 1992.

Although MEL has hired 50 engineers since last February, it still needs another 75 people, mostly engineers, to bring itself up to strength.

Seeing is . . .

■ Howard Knight, chairman of the finance committee of Sheffield city council, says my story of Tony Cleaver selling IBM computers reminds him of the time ICL was pitching for Sheffield business.

The salesman, who was trying to sell his latest big box of tricks against competition from small personal computers, challenged the then committee chairman: "Councillor – don't you believe in mainframe computers?"

The chairman: "Believe in them? No need for belief – I've seen them."

LETTERS

Cash would be the most useful contribution

From Mr Harry L. Freeman.

Sir, As an American, I am proud that my country reacted as fast as it did and has apparently succeeded in defusing the threat to Saudi Arabia and its enormous oil fields. I am also pleased that the United Nations has ratified that action, and called for an embargo and the appropriate force to make it stick.

When it comes to burden-sharing, it was painful to me – and, I believe, to many, if not most Americans following events – to watch the Japanese Government spend nearly 30 days agonising over its role. I note the package of measures announced by the Government of Japan on August 29 and discussed in your columns (Leader, August 30; Letters, September 3), but must express my regret to see such an inadequate response.

As an individual American, when it comes to the question of the form of Japanese assistance, I prefer the refrain: "Cash will do nicely, thank you." The US spends about $300bn for defence of its interests and the interests of the free world. This is the clearest case where most of the countries of the world benefit from the US's unique defence capabilities. Oil-importing countries, both developed and developing, the world over, are definitely benefiting.

Mechanically, I see no reason why some kind of mechanism, such as a UN fund, could not be established to which Japan, and others, could contribute cash. This cash would then be allocated among the countries furnishing the military forces, including the US, Egypt, and others. Technical assistance certainly has its role, and so does moral support. But cash on the old barrel-head might be the most useful and principal Japanese contribution.

Harry L. Freeman,
The Freeman Company,
Suite 1000,
1133 Connecticut Avenue NW,
Washington DC, USA

Better precautions on board

From Mr W.H. Davies.

Sir, Your article (September 7) refers to the Air Accidents Investigation Branch report on the Sikorsky helicopter crash in the North Sea in July 1988. It suggests that the provision of smokehoods should be made compulsory, although the report calls for consideration of the requirement for helicopter passengers to be provided with respiratory and eye protection from the effects of smoke and combustion gases arising from a fire on board.

In certain circumstances, smokehoods may provide some protection, but in other situations – flashovers, for example – smokehoods may provide little or no protection. We must be careful to avoid seeing them as the panacea for all aircraft cabin safety-related problems.

There are conflicting reports about the effectiveness of smokehoods. Premature carriage of non-standard or non-approved equipment should be avoided; it could be counter-productive and lead passengers into a false sense of security.

W.H. Davies,
Secretary-General,
British Air Transport Association
5-6 Pall Mall East, SW1

Small sums across frontiers

From Mr J. Carden.

Sir, Mr Bernard Keeffe points out (Letters, September 3) that a bank draft is not always the ideal method of sending small sums abroad.

The main advantage of the bank draft is that the issuing bank guarantees the funds to the recipient – to all intents and purposes the draft is as good as cash. This is not always necessary; it would be rare for someone to contemplate making a postal payment within the UK using a bank draft; one would normally just write a cheque.

Throughout Europe the Eurocheque is a low-cost method of making payments in most important European currencies.

Mr Keeffe also mentions the use of electronic systems to make small payments abroad. Although it is primarily for the use of companies making regular international payments (such as pensions), the Bank of Scotland's Transcontinental Payments System (Taps) is already available.

J. Carden,
Bank of Scotland Management Services Division,
2 Bankhead Crossway North,
Edinburgh, Scotland

Image v reality

From Mr William Wallace

Sir, Your issue of September 7 carried a full-page British Rail advertisement, showing "The Cricket Pitch at Shipley, Yorkshire, as seen from the 06.50 Pullman Bradford to London," conveying the image of rapid and regular high-speed travel past views such as this.

Given the FT's occasional comments on the misleading imagery of some official and corporate advertising, may I offer a critical analysis?

Shipley, like most West Riding towns, has a good many cricket pitches – though I do not recall being able to see any from the train. The pitch illustrated is in Saltaire, a good two miles from the Bradford-London line, well-hidden even from the line from Leeds to Skipton and Carlisle which passes through the village.

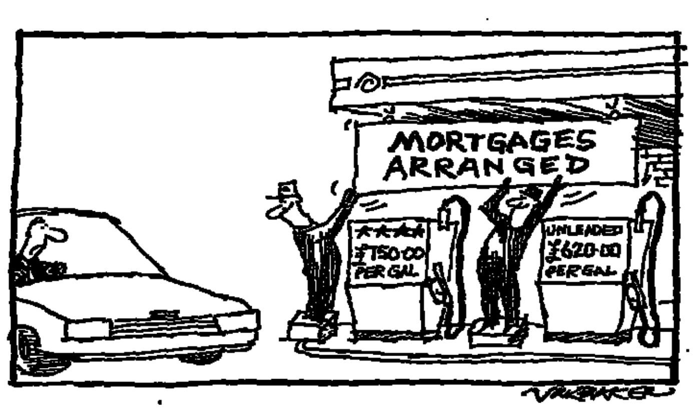
Saltaire itself is served not by Pullman InterCity but by diesel multiple units; shortage of rolling stock means that these are rarely more than two cars even in peak periods, when passengers squeeze in to stand from Leeds. The section of line from Settle to Carlisle is still under threat of closure.

Far from speeding on its way to London, the Bradford InterCity (only two direct trains a day) crawls from the dilapidation of Forster Square station into Leeds, where an extended stop allows for a change of direction and engine. British Rail has refused to extend electrification of the east coast mainline further into West Yorkshire than Leeds.

The peaceful character of the park which the advertisement illustrates is threatened by a road scheme: the Aire Valley trunk road, needed, *inter alia*, to carry all the car-borne commuters who have given up trying to squeeze onto the limited train service. Even if it were possible to see this view from the London train, it may not be there to see much longer.

But to those who devised and sponsored the ad, the image counts, not the reality. So close your eyes, as you pass the Shipley scrapyard, and imagine that an England of placid cricket pitches stretches before you . . .

William Wallace,
24 George Street, Saltaire,
Shipley, West Yorkshire



Looking on the bright side . . .

From Mr Richard Bankart.

Sir, What could be better for the UK than to let petrol prices soar? Higher prices will deter use, and in so doing will improve our balance of payments and clean our air.

The Government should be encouraged to increase duty. I look forward to the day of the £4 gallon.

Richard Bankart,
87 Stockwell Park Road, SW9

From Mr J.D.A. Evans.

Sir, It is surprising that in commenting on Richard Tomkins's article on travel costs, Mr Brian Howard (Letters, September 4) should choose to take a swipe at InterCity's very real achievement in turning round losses running at £100m a year into profit for the past two years.

Far more significant, surely, is Richard Tomkins's understatement of the cost of travel by car. He suggests that the journey from London to Newcastle and back would "incur marginal costs of £35 or so for petrol, and perhaps a few pounds more in wear and tear."

Motoring organisations themselves (not a rail lobby) will point out, however, that full motoring costs are between 25p and 30p a mile (depending on your car), which means a total of between £135 and £162 for the London/Newcastle return journey.

It would certainly help to cut costs if companies used Richard Tomkins's formula for reimbursing staff for use of their cars for business travel, but I fear he would lose a lot of his friends – on and off the FT – as a result.

J.D.A. Evans
British Railways Board,
Euston House,
24 Eversholt Street, NW1

Between borrowing and growth

From Mr Peter Welch.

Sir, Charles Batchelor's article on small businesses which eschew bank borrowing made interesting reading ("The best cash to use is self-generated," September 4).

But small businesses should not therefore conclude that equity and retained earnings are a better or cheaper source of capital than debt. Indeed, the tax-deductibility of interest payments continues to give debt the *prima facie* advantage.

The most important issue is the profitability of the business.

Small businesses which avoid debt finance may be better protected from bankruptcy during periods of higher interest rates. But if this is principally because their return on capital is below the opportunity cost of capital, it is protection at the expense of their shareholders.

Similarly, small businesses whose profitable growth is constrained by the avoidance of debt finance are not acting in the best interests of their shareholders.

But it would be interesting if, in practice, research showed that higher rates of return by small businesses were correlated with lower levels of borrowing and growth.

Peter Welch,
Flat 6,
1 Minster Road, NW2

Country ways made clear

From Miss Kate Ashbrook.

Sir, Michael Stourton is wrong to claim that it is easy for the public to prevent a footpath from being diverted (Country Views, September 1). If a landowner or occupier wants to move a path, he or she merely has to show that it is in his/her interests to do so.

The public, in opposing the diversion, faces a stiffer hurdle. We must prove that the diversion is "substantially less convenient to the public," a phrase which inspectors at public inquiries have interpreted loosely.

For instance, we would often argue that it is substantially less convenient for the public to walk on a circuitous route around the edge of a field instead of across it. We do not want to lose the ancient routes which have existed long before the landowner acquired the property or decided to build a house on it; but these arguments seldom succeed.

The example quoted by Michael Stourton was a refreshing exception. If paths are kept clear as required by law, and properly waymarked, people will not stray from them. Unfortunately most paths are cropped, ploughed or blocked, so it is not surprising that walkers have problems.

Kate Ashbrook,
The Open Spaces Society,
25a Bell Street,
Henley-on-Thames, Oxfordshire

A two-way signal to the market

From Mr L.G. Hunt.

Sir, What is meant by the "psychologically important" $30 Brent crude price or 2100 for the FT-SE 100 share index?

What evidence is there that market behaviour changes in a way it does not when $29 a barrel or 2110 on the index is breached?

Or is it just a signal for a stiff whisky?

L.G. Hunt,
Bishop's Hide,
Beausale, Warwick

'Do your readers appreciate the role education plays?'

From Mr W.D. Roberts.

Sir, I note that you have published only one letter in response to your editorial about the UK's education system (August 22). Does this indicate a lack of interest in matters educational among your readers? Do your readers appreciate the vital role education plays in our economic well-being?

The letter you published on August 25 suggests that it is not the UK Government that needs to find a way of persuading the community to value education more highly, but rather the reverse: the community needs to find a way of persuading the Government of the value of education.

I believe both are right. Neither the Government nor the community value education highly because the service is not worth valuing highly. If we ever achieve the quality of service of some of our industrial competitors, then both Government and community would value education highly.

Your leader of August 22 expressed your concern about Britain's education system falling behind those of its industrial competitors. As an engineering teacher for 25 years I share your concern – but I am not so worried about the breadth of the curriculum as the quality of the teaching. All pupils should receive teaching of quality, but the breadth should vary – dependent upon the interests and abilities of the individual pupil.

You state that the quality of a student's educational experience depends most of all on the skill and commitment of his/her teachers. But if teachers have been nurtured in a poor environment, and lack the skills, is the solution to sack them all and have no teachers? Of course not – the solution is to help the teachers.

Fundamentally, teaching consists of two parts: preparation of material to give to students; and presenting the material to the students. The first requires great skill and should be done centrally by a small team of exceptionally able persons. The second requires far less ability and, given training, could be done by the present teachers. As far as I know, this is the system used by our industrial competitors. Why are we so reluctant to learn from them?

W.D. Roberts,
23 Richmond Drive,
Nottingham

From Mr Lawrence I. Smith.

Sir, As one of the few to have survived the UK's comprehensive and university education systems from an unprivileged "working-class" position, I must agree with Sir Claus Moser (FT report, August 21). But I find myself in conflict with some of the points made by Mr Sydney Mayer (Letters, August 21).

Most US degrees may be worthless, but the effort most Japanese put into their university courses makes these even worse. The German courses are longer and less academically or intellectually demanding than most US or UK courses. But this whole debate misses the point – most gifted "university calibre" young people find ways to enhance their abilities and get on in the world.

The problem, as Sir Claus Moser illustrates but does not mention, is the fact that education, for most people in the UK, is less important than it would be for those in Germany, Japan or the US. Education in the UK's society's minds is not an important issue. Whether parents, or people from industry or from government, we have yet to grasp the importance for our own standard of living of educating everybody to his and her highest ability.

The UK Government's position – in its half-hearted concern, funding and management of the education system – really only reflects society's poor concern for learning and training. Until our views are similar to those held in the US, Japan or Germany – that a first-class education system for both the "sheep and the goats" creates economic wealth and prosperity – the UK will remain a decaying and declining nation.

Lawrence I. Smith,
9 Syon Lodge,
Burnt Ash Hill,
Lee, SE12

From Mr D.A.A. Fagandini.

Sir, Your couplet of editorials ("Price of profligacy" and "Shortcomings of UK education," August 22) make compelling but bad reading, especially as you failed to relate one to the other more forcefully than by juxtaposition.

Our inability to grasp the nettle of technical education is the principal cause of our inability to manufacture an adequate proportion of the goods on offer in the high street. This, in turn, is the principal cause of the "stop-go" calamities that afflict one government after another.

It is to be hoped that Mr Nigel Lawson will prove to have been the last UK Chancellor to have encouraged us to "watch the invisibles" instead of counting the value of the "hardware" coming in and going out of the UK. That this could have been a view seriously held in the Treasury underscores the extent of the misunderstanding that the nation fails to grasp.

Much more than nettles are involved, and your observations about the minutiae of fiscal and monetary policies so beloved of those in high places suggests that even an enlightened newspaper like the FT has difficulty in relating our Gross National Product to our educational policies and their budgetary implications. Let us have some lateral thinking.

D.A.A. Fagandini.
6 Alleyn Park, SE21

FOREIGN AFFAIRS

Sharing the bill for peace

Edward Mortimer listens to the US foreign policy establishment on how to fund a task force

Hot Springs, Virginia.

"AMERICA is back." That slogan captured the mood of the early Reagan years. Few people would use it to describe the national mood of America today. In spite of the sudden ending of the cold war on terms which constitute a remarkable victory for the western values America has championed, and the western alliance America has led, there are few signs of public jubilation. Instead, pundits discern "a querulous mood . . . surprisingly off stride, a little hung over from life in the fast lane" – even "a witch's brew of public pessimism, cynicism and xenophobia."

That refers to the general public. Quite different is the mood of that "thin crust" of Americans (officials, scholars, journalists, businessmen) who make up what is known as the "foreign policy community." I have just spent four days listening to members of this group at the annual conference of the International Institute for Strategic Studies, held at a luxurious hotel deep in the Virginian hill country.

Some of the speakers had written, and the rest had read, books which rebut, at least to their own satisfaction, Paul Kennedy's "declinist" thesis. They were confident that America is still "bound to lead" by virtue of its unique combination of military and economic strength, its geopolitical situation, and the resilient, creative nature of its society. Moreover, they were proud – justifiably, I think – of the way the Bush Administration had responded, and had co-ordinated its allies' response, to the sudden prospect of German unity.

Now the Gulf crisis had brought together these two types of strength. America had taken the lead because it was the only power that could do so – a fact which was instantly and almost instinctively recognised by everyone, inside and outside the Middle East. And it had done so with a remarkable sureness of diplomatic touch, such as had not been seen since the Nixon-Kissinger days; some would say not even then.

These foreign policy scholar-practitioners almost glowed with pride as they spoke of "a gifted and informed US president," whom they clearly recognised as one of themselves: and they were anxious that we, the rest of the world, should not take our good fortune for granted. "I wouldn't expect this sort of sophistication to last beyond Bush," said one. "When'll you get another president who's been ambassador twice?"

In short, the message was that America is indeed "back" – back firmly in the saddle of world leadership. It is hard to remember that not much more than a year ago it was fashionable in Nato circles to worry about Mr Bush's ability to compete with Mikhail Gorbachev. Now not only that worry is brushed aside, but also the more serious argument that the end of the cold war implies a loss of hegemony for both superpowers, and that henceforth America's main contest will be with rival economic powers – Europe led by a united Germany, and Japan – which will no longer be so dependent on American military power for their security.

Mr Dick Cheney, the Secretary of Defence, brushed aside a suggestion from a retired British diplomat that there should be 'no taxation without representation'

The US's swift and decisive response to the Iraqi challenge is contrasted with the hesitant and ill-co-ordinated reaction of both Europe and Japan – and on this point there seems to be no great difference between the "querulous and xenophobic" mood of the wider public and the judgment of the foreign policy intellectuals.

I always think newspaper cartoons are more significant than newspaper articles in both reflecting and shaping public opinion. They reach far more readers, and they also usually convey a reader's response: the cartoonist reacts to the news as it is presented to the public, rather than having access to the sources as writing journalists do. Cartoons published in local or provincial newspapers, away from the diplomatic cocktail circuit, are an especially useful indicator of how ordinary non-political people are likely to react to international news.

A selection of such cartoons is reprinted in the "drawing board" column of Saturday's Washington Post. Two in last Saturday's struck me especially. One from the San Francisco Chronicle shows Japan and Germany in armchairs, watching the TV news. Mr Bush appears on the screen to say "we interrupt this war . . .", provoking a howl of protest from Japan about "*@*£! pledge breaks!" (Pledge breaks are when an American TV station interrupts its programmes to solicit funds from viewers.) Another cartoon, from the Buffalo News, should break Mrs Thatcher's heart because it puts "the British, German, Japanese and Russian contribution" all on the same level, represented by four little girls chanting "Saddam, Saddam, hear our cry. We love the US taxpayer and the American GI!"

The views of the policymakers on this subject were not much milder. Opening the conference, Mr Dick Cheney, the Secretary of Defence, brushed aside a suggestion from a retired British diplomat, Sir Robert Wade-Gery, that there should be "no taxation without representation." The US, he said, was "bearing a larger proportion of the cost than anybody else." He felt it "appropriate to remind our friends around the world that there is no free lunch here." If others wanted to benefit from a stable supply of energy, "they've got to contribute."

Later, when the conference had gone into closed session, others took up the cry: unless a collision over allied contributions was headed off in the next few weeks, said one, there would be a question about America's willingness to keep troops in Europe. There were repeated denunciations of a remark allegedly made by a German minister, to the effect that the presence of US forces in Saudi Arabia was a bilateral arrangement in which his country could not interfere; and although Mr Cheney had not sounded too enthusiastic about a multinational force which might muddy "the national channel of authority," other Americans were insistent that the European contribution should take the form of ground troops, not only ships and money.

In other words, all the old arguments about "burden-sharing" which bedevilled Nato in the past, and which had mercifully been absent in the past year as politicians turned their thoughts to peace dividends, are back with a vengeance. Once again, America is expecting its allies to follow where it leads. Once again the allies (who now include Mr Gorbachev) are offering support which seems to them generous, but to Americans feeble, and are asking, in return, for the right to share in future decisions, which America is reluctant to concede.

Such is the pattern of the present crisis, in its present phase. In form, it is (so far) an impressive example of multilateral action. In substance, both Americans and others are behaving as if it were a unilateral American action, with the usual ragbag of allies more or less grudgingly in tow.

Does it have to be so? Would it not be worthwhile for the allies (including the Soviet Union) to send ground troops to Saudi Arabia, both to ensure that the US continues to seek a UN mandate for its actions and does not embark on a unilateral military offensive? Would it not be worthwhile to do this to persuade Americans that the new world order now being inaugurated is indeed one governed by collective action in defence of internationally agreed principles, not one in which the US is expected to play the global policeman as and when it sees fit?

FINANCIAL TIMES
Tuesday September 11 1990

Glory to God amid the jungle and crocodiles

By Julian Ozanne in Yamoussoukro, Ivory Coast

Pope John Paul II drives from the new Basilica of Our Lady of Peace at Yamoussoukro, Ivory Coast, yesterday after the papal consecration of the tallest church in Christendom

THE PRESIDENT'S bullet-proof black Cadillac limousines mounted the red carpeted marble parvis leading to the Basilica of Our Lady of Peace in Yamoussoukro yesterday for the papal consecration of the tallest church in Christendom.

The cars, one of them carrying President Felix Houphouet-Boigny, cruised slowly along the carpet, surrounded by bodyguards in dark suits carrying sub-machine guns, and passing through a long line of 75-foot Doric columns.

Flanking them was the presidential guard in black knee-high leather boots, white jodhpurs, red jackets with gold braided epaulettes and Napoleonic silver helmets.

Despite the precautionary presence of an ambulance, Mr Houphouet-Boigny, believed to be 88, looked radiant as he entered the air-conditioned basilica – as well he might. The Holy Father had come to bless his controversial $250m offering to God and the universal Church.

His attempt to build a modern Versailles amid the coconut plantations and thinning tropical rain forest at his birthplace has been compared to the works of Louis XIV.

At Yamoussoukro there is a huge walled palace surrounded by a crocodile infested moat.

Inside, the opulent palace walls are draped with renaissance tapestries and *objets d'art*.

Antique furniture and Persian silk rugs cover the floors and chandeliers hang from every ceiling. Boulevards run through the town linking the building to the president's model city.

There is the huge Houphouet-Boigny foundation with the largest conference centre in Africa and the luxurious 300-room Hotel President.

But the centrepiece of Yamoussoukro is the basilica, a 489 foot Greco-Roman cathedral crowned with a sunburnt copper dome and cross.

Busloads of villagers and peasants, transported by the government, arrived to see the Pope and the church, inside which sat 7,000 invited guests.

The president is a devout Catholic in a country where no more than 15 per cent of the population share his faith.

Political observers say he has run the Ivory Coast as a personal fiefdom, more an absolute monarchy than a modern dictatorship. The president has been facing internal pressure for greater democracy, and many Ivorians feel in a time of increasing poverty in the country and across the continent, such ostentation is unacceptable.

Party workers in dresses and shirts made from colourful cloth printed to commemorate the basilica mixed with diplomats, a 140-strong press contingent and dark-suited Frenchmen with their designer-clad wives.

Officials said only friends and family of the president from outside the country had been invited, but those included Mr Jacques Chirac, the former French Prime Minister, Mr Christophe Mitterrand, son of the French President, and Mr Pik Botha, South African Foreign Minister.

The papal mass delivered by John Paul II was elegant, if a little subdued. An African choir sang choral harmonies over the French organ and indigenous drums. Everything went well except for a heavy cement wall light which crashed precariously on to a 150 ft high ledge towards the end of the mass.

But it will certainly be an enduring monument to its instigator. Among figures depicted in the stained glass windows there is a single black face. Mr Pierre Fakhoury, the Lebanese Ivorian architect, confirmed it was that of the president, saying it was the tradition of glass craftsmen to immortalise the sponsor. He also denied that the basilica was an insult to poverty stressing the gift the president was making from personal funds to Africa and catholicism.

"We do not have an Ivorian saint yet but when we do we will name the basilica after him," he said. If the president has his way, as he has had for 30 years in the Ivory Coast, there is little doubt about who that will be.

US considers further troop cuts in Europe

By Robert Mauthner, Diplomatic Correspondent, in London

THE US is considering further cuts in the number of its troops in Europe as part of a conventional forces agreement between Nato and Warsaw Pact countries which is expected to be signed at the end of this year.

Mr James Baker, US Secretary of State, said in Brussels yesterday that the agreement with the Soviet Union earlier this year – to limit to 195,000 on each side the number of US and Soviet forces in central Europe – had been overtaken by events.

Mr Baker, reporting to his Nato colleagues on Sunday's US-Soviet summit in Helsinki, said the picture had been changed by Moscow's plans to withdraw all Soviet forces from East Germany by 1994 and the decision to limit the armed forces of a united Germany to 370,000.

It has been clear for some time that Moscow is increasingly concerned about the prospect of withdrawing virtually all its troops from central and eastern Europe, while the US continues to maintain sizeable forces in the area.

Further US troop cuts would be part of a treaty currently being negotiated in Vienna which would reduce Nato and Warsaw Pact troops, tanks, artillery pieces and other heavy military equipment in central Europe to equal levels.

Negotiators from both sides are trying to complete a treaty on conventional forces in time for a 35-nation summit of all members of the Conference on Security and Co-operation in Europe (CSCE) in Paris in November. The summit is expected to lay the foundations of a new co-operative European security order, now that both Nato and the Warsaw Pact have formally declared an end to the Cold War.

Mr Baker did not specify the size of the troop cuts contemplated by the US Administration. However, he said they would probably be discussed with Soviet officials in Moscow later this week, when the Second World War allies meet to complete talks with the two Germanys on the external aspects of German unification.

He said he was unaware of a Washington newspaper report that the Soviet Union had tabled a proposal in Vienna that US forces in central Europe, now some 325,000, should be reduced to between 70,000 and 80,000.

Pakistan government files charges on Bhutto

By Farhan Bokhari in Islamabad

PAKISTAN'S interim government yesterday filed two charges in Karachi alleging abuse of power by Ms Benazir Bhutto, the country's ousted Prime Minister, during her 20 months in office.

The charges concern Ms Bhutto's appointment of a consulting company to oversee a power extension scheme for the Karachi Electric Supply Corporation financed by the Asian Development Bank, and the award of a lucrative contract to a British company, Ralli Brothers, to export cotton at prices below international market rates.

The charges, the first step in a process which could disqualify Ms Bhutto from participating in the general elections scheduled for October 24, were filed in one of the 11 special one-judge courts set up by the army-backed interim government to try cases of official corruption.

The special tribunals can disqualify convicted defendants from politics for up to seven years. Some of the courts can impose a prison term but this is not one of them.

Judge Wajihuddin Ahmed will decide later this week whether to accept the charges and serve formal notice to Ms Bhutto. More charges may be filed later and the interim government has said it also plans to file criminal charges against her.

The charges follow weeks of speculation about Ms Bhutto's fate since she was ousted on August 6 on the orders of President Ghulam Ishaq Khan, who was widely believed to be acting under pressure from the army. Yesterday's charges were filed on his behalf.

It was not immediately clear if Ms Bhutto would offer any defence. She did not comment as she left home yesterday to file her candidacy for the elections but last week she described the special courts as "kangaroo courts." She is willing to face trial in ordinary courts but may be arrested if she eventually refuses to appear before the special tribunal.

At least five former Cabinet ministers and Ms Bhutto's husband have been charged with corruption, and more than 100 supporters have been arrested. In recent weeks ministers of Pakistan's interim government have sought to dispel a belief that charges against Ms Bhutto and her party colleagues are part of a witch-hunt of her administration.

Some interim government ministers have offered to be subjected to the same measures of accountability as Ms Bhutto.

Cambodia factions take first step to peace

By Claire Bolderson in Jakarta

THE FOUR warring factions in Cambodia yesterday reached agreement on all aspects of sharing power as the first step towards a negotiated settlement of the 11-year civil war.

The agreement, announced at the end of six days of talks in Jakarta, clears the way for a comprehensive peace plan drawn up by the five permanent members of the United Nations Security Council to go into action.

The plan provides the details for a UN-monitored ceasefire in Cambodia and for the UN to run much of the country's administration in the run-up to general elections.

A joint statement said all the Cambodian parties accepted the UN document in its entirety as the basis for settling the Cambodia conflict. Their acceptance means that they are all now committed to instructing their forces "to show maximum self-restraint," as the UN document puts it, in order to create a climate for peace.

That commitment is intended to put pressure on the Khmer Rouge to end its onslaught against Cambodian government troops.

The Phnom Penh government and the three anti-government factions have also agreed on details for forming a Supreme National Council to be Cambodia's sovereign body ahead of the elections. The council will also hold Cambodia's seat at the UN.

According to the joint statement, it will be composed of "representative individuals with authority among the Cambodian people and reflecting all shades of opinion among them."

There will be six representatives from the Cambodian government, including Prime Minister Hun Sen, and two from each of the three resistance factions.

When they meet for the first time, the 12 can if they wish elect a 13th person as chairman. That position had been expected to go to Prince Norodom Sihanouk, the leader of the resistance coalition. However, the increasingly mercurial Prince Sihanouk announced yesterday that he was to take a six-month leave from politics because of ill health.

In a statement issued from his residence in Peking, he said he would support all decisions made in Jakarta.

Details for implementing the UN peace plan still have to be worked out and a formal signing of the conclusive documents is not expected until the Paris International Conference on Cambodia meets, probably later this year.

But Mr Ali Alatas, the Indonesian Foreign Minister and co-chairman of the Jakarta meeting, said yesterday's accord was "a real agreement with enormous weight." He said the road ahead might still be rough "but we are confident that we are entering a new era where we are much more hopeful that a comprehensive settlement can be achieved."

EC moves to heal rift with Iran

Continued from page 1

ment which provides for shared sovereignty over the Shatt al-Arab waterway.

Mr Aziz described his talks in Tehran as "positive, serious, practical and friendly", while President Hashemi Rafsanjani of Iran spoke of the need for a comprehensive peace between the two countries following the 1988 Gulf war ceasefire.

Improved ties between the West and Iran as a result of the Gulf crisis have further increased hopes for the release of the remaining western hostages in Lebanon.

Mr Brian Keenan, the recently freed hostage who has both Irish and British nationality, said yesterday that Mr Terry Waite, the Archbishop of Canterbury's special envoy, was alive in captivity in Lebanon.

Mr Keenan said he knew Mr Waite was being kept in the cell next to him because he recognised his voice.

"It sounds to me like it's Terry Waite's voice. I know he is a soft spoken man," he told Independent Television News. "I know Terry Waite is alive."

Developing nations are relying more on private investment

Continued from Page 1

of a lack of finance. "Even more difficult is finding the management to run industries in a market environment," he said.

In Poland, where its programme was most advanced, the corporation was helping in five areas: privatisations, advising on the development of a banking sector and of a capital market, establishing an agency to help the start-up of new businesses and in encouraging joint ventures.

Sir William also said that the emergence of the European Bank for Reconstruction and Development, the London-based development bank for eastern Europe, would not deprive the IFC of a job in the region.

While the EBRD would be bigger than the IFC, the EBRD would also be dealing with the Soviet Union, not yet a member of the World Bank group.

The two institutions would be co-operating very closely and would co-finance a number of projects which would "help them get going", Sir William added. The report discloses a drop in IFC net profits to $157m in fiscal 1990 which ended June 30, from the record $196.5m the year before.

However, the IFC said last year that it did not expect its profits performance to be repeated because of the exceptional capital gains realised in 1989.

Capital gains dropped from $118.6m to $90.7m this year but, despite these realisations, the value of unrealised capital gains held in the IFC's portfolio is estimated to have increased. Loss reserves on the portfolio fell to 8.9 per cent from 9.2 per cent.

Approvals of new investments grew by 16 per cent to a record $2.2bn, while net investments for the IFC's own account rose from $1.3bn to $1.5bn. The total capital costs of the projects approved amounted to $2.2bn.

IFC: THE YEAR'S KEY FIGURES

	1990	1989
New investments approved*	122	92
Total investments (gross)	$2.2bn	$1.7bn
Net investments for IFC's account	$1.5bn	$1.3bn
Total project costs	$9.4bn	$9.7bn
Net commitments for IFC's account	$1.0bn	$1.2bn
Net disbursements for IFC's account	$1.0bn	$870m
Net income	$157m	$196.5m
Paid-in capital	$1.1bn	$948m
Accumulated earnings	$792m	$635m
Borrowings for the year	$799m	$845m
Total disbursed loan and equity portfolio for IFC's account	$3.6bn	$2.8bn

*Totals include 12 Africa Enterprise Fund projects in FY90 and two Africa Enterprise Fund projects in FY89

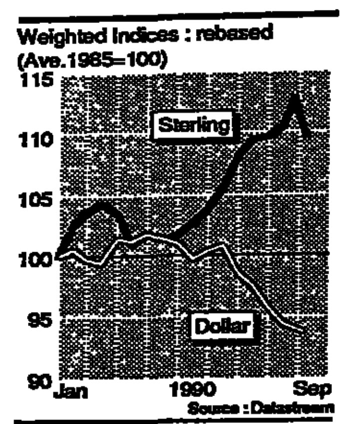
THE LEX COLUMN

The changeable UK consumer

The reaction in the UK markets to the weak August retail sales figures was understandably mixed. The sharp drop in sterling will have owed something to expectations of lower interest rates, though the dip in the oil price also helped. But retail stocks, which had fallen last Friday on the Chancellor's hint that interest rates are not coming down after all, were if anything weaker again yesterday.

That reaction may be the more rational. The retail statistics are notoriously unstable; though year-on-year volume in August was up only 0.5 per cent, the figure had been lower in two previous months and then bounced back. From the Treasury's viewpoint, excessive consumer demand this year already seems guaranteed. Warburg calculates that if demand were flat for the whole of the second half, the outcome for 1990 would still be a rise of 2¼ per cent against a forecast of 1¼ per cent in last year's budget.

The outlook for producer prices is not particularly cheerful either. Although yesterday's rise in output prices was lower than in the preceding four months, it remained steeper than in preceding years. It also owed something to a drop in input costs, which may not be sustainable after the jump in the oil price. In any case, the real problem is still wage increases, which are rising faster in services than manufacturing. The Chancellor's job in choosing when to ease is not to be envied; despite the cries of distress from the corporate sector, the evidence is still ambiguous.



Corporate support

The Bank of England's efforts to curb the rapid growth of property lending over the last couple of year have been largely ignored. There is a good chance that its latest endeavour will meet a similar fate. One does not expect the Government to tell ICI how to price its products after the latest oil shock; so why does the Bank feel it has to remind bankers how to treat their corporate customers with liquidity problems? The answer, as any long-suffering bank shareholder knows full well, is that banks are different. Depositors come first, customers second and shareholders bring up the rear.

As always, there are all sorts of laudable reasons why the Bank's suggested code of best practice sounds eminently sensible. Dear little Laura Ashley nearly went under because its bankers spent too long squabbling; it is not always clear what constitutes an event of default in the once trendy multiple option facility market; and commercial paper programmes present particular problems when companies run into trouble.

It is all too easy to blame the bankers for selling complicated financing ideas too aggressively, and the foreign banks always make good whipping boys. But if the Bank of England wanted to do the City a service it should let the former high-flying corporate finance directors learn the error of their ways. It takes a market like this to instill the advantages of conservative financing and long-term banking relationships.

Oil shares

Fund managers have seen the oil sector, the largest in the FT-SE Index, outperform the market by 21 per cent since July 10. This is welcome news for those fully or over weighted in oil shares; but it raises the question of how this gain is to be locked in.

The issue is more pressing for large funds than their smaller, more agile competitors. When it takes weeks to shift a portfolio's weighting, deciding whether to sell requires *delicate* anticipation. For the moment, there is still good if softening demand for oil shares on the grounds that crude prices look safely stuck around $25-$30 a barrel. With oil prices moving in inverse relation to the prospect of a peaceful settlement in the Gulf, yesterday's fall of around $1 a barrel of October crude can be explained by the summit effect. But there remains the possibility of a sharp break above the $30 mark.

The Gulf crisis aside, however, the realisation that normal seasonal demand for oil products will shortly take effect is increasingly setting an independent floor for crude. The danger is that when this eventually falls away, it will do so very quickly. The knock-on effect on shares could leave the slower-moving funds stranded. That might explain the flurry of trading strategies evident in the derivatives markets, where such funds appear to be furiously laying off their oil share risk.

Siebe

Since Siebe announced its Foxboro acquisition in June, its shares have never looked back. By yesterday, they had fallen against the market by 24 per cent. But the company is living up to its reputation for speed; a month after taking control, it is chopping out a quarter of the workforce. In the tradition of acquisition accounting, this will not affect stated profits. Whether Foxboro's profits are equally proof against recession in the chemical, paper and oil industries is a more open question. So is the feasibility of Siebe's intended next step, getting a separate quote for its US operations.

Merchant banks

If only British merchant banks were more like the French. This year, when the London securities industry is on its knees and the corporate finance business is dry as a bone, is cruelly exposing the poor quality of most British merchant banks' earnings, dominated as they are by deal-making. It would be all be so much easier if like their counterparts across the channel, Suez and Paribas, London's merchant banks had a clutch of industrial holdings, along with their property portfolios and cash cows like life assurance to see them through the downturn.

Hence the interest of yesterday's interims from Singer and Friedlander. Singer may not be the most exalted of City houses and the 11 per cent fall in its pre-tax profits to £9.5m was nothing to write home about. But at least Singer, unlike some of its competitors, has some real assets: a small but safe City real estate portfolio and a 30 per cent stake in Takare, the nursing home company, which is showing it an £11m paper profit so far. It is not very grand, but it beats market-making in UK equities.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	27	81
Algiers	C	30	86
Amsterdam	R	16	61
Athens	S	28	84
Bahrain	C	37	100
Bangkok	F	32	91
Barcelona	S	26	79
Beirut		–	–
Belfast	F	16	61
Belgrade	F	22	72
Berlin	C	16	61
Biarritz	F	27	82
Bombay	F	30	86
Bordeaux	S	27	81
Boulogne	F	17	64
Brussels	C	17	64
Budapest	C	16	61
Buenos Aires	C	23	73
Cairo	S	32	90
Cape Town	S	22	73
Caracas	C	31	88
Casablanca	F	23	75
Chicago	F	18	66
Cologne	R	15	59
Copenhagen	C	15	59
Corfu	S	27	82
Dallas		–	–
Dublin	S	17	64
Dubrovnik	S	23	75
Edinburgh	F	17	63
Faro	C	25	77
Florence	S	27	82
Frankfurt	C	14	57
Geneva	S	17	64
Gibraltar	C	22	73
Glasgow	F	16	61
Helsinki	F	15	59
Hong Kong	R	26	79
Innsbruck	F	17	64
Inverness	F	16	61
Islamabad	F	32	91
Istanbul	S	25	77
Jakarta	F	32	91
Jersey	S	20	68
Johannesburg	S	23	75
Lima	C	17	64
Lisbon	S	25	77
London	F	17	63
Los Angeles	S	18	65
Luxembourg	F	15	59
Madeira	R	21	70
Madrid	F	23	75
Majorca	S	31	88
Malaga	F	27	82
Malta	F	27	82
Manchester	S	16	61
Manila	F	32	91
Melbourne	S	16	66
Mexico City	C	22	73
Miami	F	26	79
Milan	S	23	73
Montreal	C	12	55
Moscow	F	17	63
Munich	F	16	61
Nairobi	F	13	57
Naples	S	27	82
Nassau	C	27	82
New Delhi	C	31	88
New York	C	21	70
Nice	S	25	77
Nicosia	S	29	84
Oporto	S	25	77
Oslo	C	13	57
Paris	S	20	68
Peking	S	27	81
Prague	R	12	54
Reykjavik	F	8	46
Rhodes	S	30	86
Rio de Janeiro	F	27	81
Rome	S	26	79
Salzburg	F	15	59
San Francisco	C	12	55
Seoul	R	22	73
Singapore	F	27	81
Stockholm	C	13	57
Strasbourg	F	17	64
Sydney	C	16	61
Taipei			
Tangier	S	32	91
Tel Aviv	C	27	82
Tenerife	F	26	79
Tokyo	S	29	84
Toronto	C	17	63
Tunis	S	37	99
Valencia	F	27	81
Venice	S	23	75
Vienna	C	15	59
Warsaw	C	15	59
Washington	S	22	72
Zurich	S	17	63

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Steel company has lessons in capitalism

South Africa's privatisation programme continues to run into trouble as persistent political opposition from the African National Congress and an absence of suitable candidates takes its toll. Even the programme's star attraction, steel group Iscor, has had a bad first year as a private company when softer world steel prices coincided with a costly breakdown at its main blast furnace. Philip Gawith reports on the lessons being learned among South Africa's exponents of popular capitalism. Page 21

GEC and Ferranti row

The General Electric Company of the UK is asking for a refund of some of the £270m ($507m) it paid for Ferranti Defence Systems last January, arguing that its own valuation has revealed that the business is worth less than it thought. Michael Skapinker reports on the dispute. Page 20

Brussels builds bourse defences

Belgium seems determined to become one of the best protected stock markets in Europe. From a sleepy market where small investors had few if any rights, Brussels has been stirred into action by the controversial bid battle for Société Générale de Belgique. Half a dozen important new laws, which could change the face of the Belgian bourse, have either passed or are pending. Lucy Kellaway reports. Page 22

Lively British Vita

Rapid expansion into continental Europe pushed up interim pretax profits at British Vita, the Manchester-based polymer, fibre and foam group, to £27m ($51m). Chairman Bob McGee (left) also cited a restructuring at its German operations as a contributory factor in the 50 per cent profits increase in European earnings. The company's performance was also aided by a modest upturn at a recently acquired US polymer company and by the sale of its stake in an Australian quoted consumer foam and fibre company. Page 25

Hotspur plans secret strategy

Hotspur, the quoted company which owns the London football club, Tottenham Hotspur, is giving no hints about its latest strategic planning. Rumours that the group had asked Robert Maxwell to underwrite a £12m rights issue boosted the Spurs' share price, which rose 14 per cent yesterday. Andrew Hill reports. Page 25

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
BMW	487	+	19
Kaufhof	610	+	16
Porsche	950	+	25
Siemens	618.5	+	18.7
Falls			
Dragerwerk	320	−	5
Muench Rueck	2410	−	15

NEW YORK ($)

Rises			
IBM	105 7/8	+	3/8
Johnson Cont.	24	+	7/8
McDon. Douglas	48 3/4	+	1 1/8
UAL	102 7/4	+	2
Falls			
Atlantic Rich.	137 1/8	−	1 3/8
Newmont Gold	43	−	2

PARIS (FFr)

Rises			
Bongrain	2949	+	159
Bouygues	602	+	17
Eurocom	1700	+	99
LVMH	3580	+	100
Sanofi	760	+	17
Falls			
BIC	562	−	12

TOKYO (Yen)

Rises			
Gunze Sangyo	1220	+	150
Nippon Chem.	1650	+	200
Tokyo Dome	2970	+	370
Falls			
Dai-Ichi Hotel	1710	−	90
Mitsui Wharf	1590	−	100
Superbag	1160	−	70

LONDON (Pence)

Rises			
Amershamlnt.	308	+	11
BOC Grp.	492	+	18
Borland	1003	+	85
Brent Walker	154	+	12
Brit.Aerospace	550	+	12
Caird Grp.	71xd	+	7
Eurotunnel	444	+	16
Food Inds.	145	+	22
Glaxo	773	+	28
Laporte	480	+	14
North West Wtr	227	+	9
Polly Peck	275	+	13
Reckitt Colman	1223	+	28
Tottenham	111	+	14
Water Pkg	2225	+	60
Falls			
Benzi	60	−	10
Eldridge Pope	110	−	15
LASMO	478	−	10
TVS Ent.	54	−	3
Ultramar	369	−	8

SAS sells half of its Linjeflyg stake

By Robert Taylor in Stockholm

SCANDINAVIAN Airlines System (SAS) announced yesterday it was selling half its 50 per cent stake in Linjeflyg, Sweden's domestic airline, to Bilspedition, the Swedish-owned transport company which is now one of the largest in Europe, for SKr475m ($83.3m).

The move is in response to the forthcoming deregulation of the country's domestic air traffic market.

"It now seems correct to terminate our ownership interests as the market is liberalised," said Mr Jan Carlzon, SAS's chief executive, yesterday. "With the sale we avoid potential conflicts of interest, especially when new route awards are at stake."

Mr Christer Nilsson, chief executive of the domestic airline company, said: "With Bilspedition as a new shareholder the possibilities open up for Linjeflyg to strengthen itself for the forthcoming competition."

He added that there could now be close co-operation between Linjeflyg and Bilspedition in expanding their markets jointly in the Nordic area and beyond, particularly in the growth area of package and express mail deliveries.

Mr Martin Lundberg, Bilspedition chief executive, said that with deregulation Linjeflyg would be able to develop new markets and become "an important complement" to the transport company with important synergy effects in areas like data communication.

Bilspedition had a total turnover of SKr25bn last year and its profits in the first half of 1990 totalled SKr444m. Linjeflyg had a turnover of SKr2.7bn last year and profits (before financial items) of SKr146m but in the first half of this year its profits were down to SKr26m.

Yesterday's sale by SAS, however, does not end the airline company's involvement in Linjeflyg. The other half of that company is owned by Aktiebolaget Aerotransport (ABA), a holding company which in turn owns 43 per cent of SAS. However, Mr Olle Hedberg, ABA chief executive, said yesterday its 50 per cent stake in Linjeflyg was not "sacred."

He added that in two to three years' time it might be possible to take Linjeflyg on to the stock market and offer shares in the company to its employees.

It seems unlikely that Sweden's deregulation of air traffic transport next year will follow the US pattern and produce more services and lower fares. . However, SAS and Linjeflyg insisted yesterday that the new structures would introduce competition between them.

UK airship venture collapses

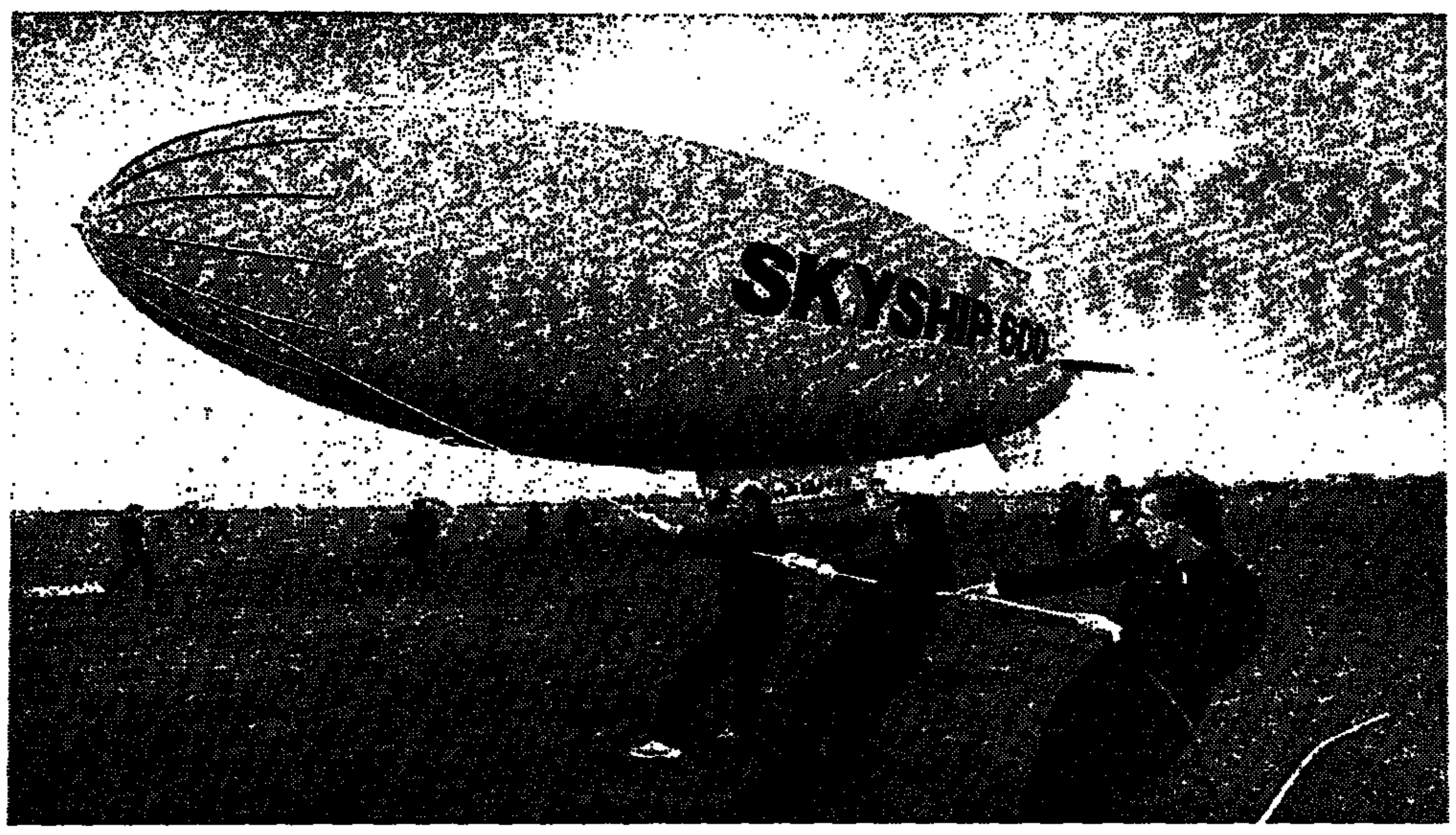
By Paul Abrahams in London

THE BRITISH airship industry, which appeared to be making a revival after its collapse in the 1930s, yesterday came down with a bump when receivers were called in at Airship Industries (UK), builder of the Skyship 600.

The troubled Bedfordshire company owes Bond Corporation Holdings, whose chairman is Mr Alan Bond, about £35m ($66m) in unsecured loans. The Bond Corporation also has a 47.2 per cent stake in Airship Industries, an Isle of Man company which owns Airship Industries (UK) and is quoted in New York and Sydney.

Although the Bedfordshire company is manufacturing a 400ft-long airship for the US Navy, to be used as a platform for early-warning radar, it has a further 10 unsold airships under construction. The receivers said they had already had a number of enquiries for the business.

Details Page 25



Peugeot reduces profit forecast

By William Dawkins in Paris

PEUGEOT, Europe's third largest car maker, has shaved back its profit estimates for this year in the light of the Gulf crisis and is planning fresh investment in energy saving vehicles.

It is hoped that profits will be the same as last year's FFr10.3bn ($1.96bn) net, on sales up slightly more than the 5.8 per cent increase recorded in the first six months to June, indicated Mr Jacques Calvet, group chairman. Group sales rose by 10.5 per cent to FFr152.9bn last year.

"My hope was to repeat the profits of 1989 in 1990, but the Gulf crisis means we will have to work a little harder than I had imagined to get there," said Mr Calvet.

While it was far too soon to estimate the precise impact of the upheavals in the Gulf, initial indications were that the European car registrations – from all producers – would shrink this year by an underlying 1.5 per cent to 13.3m.

Mr Calvet expected European registrations to slip by 3 per cent between 1990 and 1991, representing a 4 per cent drop as against last year's level.

As in previous oil price shocks, sales of top of the range models would be hardest hit, he predicted. However, a reduction in the highest rate of VAT expected in tomorrow's French budget would soften the impact for Peugeot.

The group is responding by intensifying existing investments in energy saving cars, with the aim of reducing the average fuel consumption of its range from the present 6.2 litres per 100km to five litres over 15 years.

Mr Calvet did not exclude reducing the gap in prices between diesel vehicles, in which it is the European market leader, and cheaper, petrol-driven cars.

Ford-France has already started selling some diesel and petrol models at the same price, although Mr Calvet warned that he was not prepared to get involved in a discount war and that prices must be linked with economic reality.

Mr Calvet described the disappointing performance of Peugeot's shares on the Paris stock exchange in recent weeks as "grotesque," noting that it bears little relation to the car group's earnings potential.

Peugeot shares rose early yesterday to FFr563 following Mr Calvet's remarks, but then dropped to close at FFr524, FFr15 lower on the day, after a broker downgraded its forecast.

Pargesa founder resigns from chairmanship

By William Dullforce in Geneva

MR GERARD Eskénazi, the French banker, yesterday quit Pargesa, the Geneva-based holding company which he founded in 1981 together with Mr Albert Frère, the Belgian financier.

Control of the group, which holds stakes in a string of European industrial and financial companies, now rests jointly with Mr Frère and Mr Paul Desmarais, chairman of Canada's Power Corporation.

Pargesa owns 38 per cent of Groupe Bruxelles Lambert, Belgium's second largest holding company.

After resigning from the Pargesa chairmanship and board, Mr Eskénazi flew to Paris, where he was due to resign yesterday evening from the board of Pargesa's French subsidiary, Parfinance.

Pargesa said Mr Eskénazi was severing all executive responsibility in the group but would not disclose whether he will retain his shares which control 13 per cent of the voting rights.

Mr Desmarais took over as Pargesa's chairman. He and Mr Frère have pooled their Pargesa stakes in a newly established Dutch holding company, Pargesa Joint Co. Each owns half of the Dutch company which in turn controls just over 50 per cent of Pargesa.

Mr Eskénazi's departure from Pargesa ends a remarkable chapter which started in 1981 when he was number two in Cie Financiere de Paribas, the French banking group.

He and Mr Frère bought what was then a shell company to rescue Paribas's Swiss and Belgian subsidiaries from nationalisation by the new socialist government in France.

With Mr Desmarais's help they built it into a company with a market capitalisation of SFr2.3bn ($1.8bn) and consolidated equity of SFr1.9bn at the end of 1989.

Tensions developed after Mr Eskénazi earlier this year failed in his attempt to use Pargesa to effect a triumphal return to Paribas. The group also took a heavy loss on the collapse of Drexel Burnham Lambert, the New York investment bank.

In February, Mr Frère and Mr Desmarais announced that they had increased their shareholdings to give them effective joint control. Pargesa sold its remaining stake in Paribas (Suisse) to Paribas and disposed of important holdings in French companies owned by Parfinance.

Pargesa said Mr Eskénazi had tendered his resignation after noting the changes in the shareholder structure and of the modifications they may entail.

Yesterday Pargesa reported an increase in consolidated net earnings from SFr106m in the first half of 1989 to SFr293m in the first six months of this year. Some SFr150m derived from capital gains.

The SFr1bn in liquid assets which Mr Frère and Mr Desmarais currently have available has stirred speculation about their intentions. Pargesa said yesterday that it was happy to stay liquid for the time being but was looking into several projects.

George Graham writes: Mr Eskénazi, who is described as "in peak form, physically and intellectually," is not expected to opt for retirement, even though no new investment vehicle which may suit him has yet been created.

In current financial market conditions, however, it may not be easy for him to raise enough capital to recreate a significant institution.

Foxboro to lose 1,600 jobs in Siebe cost-cutting plan

By Nikki Tait in New York and Maggie Urry in London

ABOUT 1,600 jobs are to be axed at Foxboro, the US-based process control company acquired by the British engineering company, Siebe, for $656.4m in late July. The cuts, confirmed yesterday, represent almost one-quarter of Foxboro's workforce. Siebe shares rose 13p to 368p on the news.

The UK group declined to quantify the costs of the redundancy programme, which will come into effect over the next six months, but said they would be "substantial."

Siebe did say, however, that the savings would be twice the rationalisation costs and that there would be a six-month payback period. The costs would be accounted for as part of the purchase consideration.

Siebe said that the rationalisation plan announced yesterday should be the full extent of the redundancies at Foxboro. "This is it, as we see it," said Siebe.

The group also refused to elaborate on the size of a compensation payment to Foxboro's chief executive, Mr Gary Willis – whose departure was also announced yesterday – and that of the US group's finance director, Mr Gerald Morris.

Siebe's purchase of the lossmaking Foxboro, funded entirely by bank borrowings, had been greeted with scepticism by some analysts and industry observers. They questioned whether the UK company had paid too much for the Massachusetts-based group, and whether it had the management capability to develop Foxboro.

Foxboro had made losses in two of the past three years despite its technical reputation, and, in effect, put itself up for auction.

Siebe claimed, however, that the financial position could be turned round fairly swiftly.

The 1,600 redundancies will be spread between the US and its international operations, with the UK accounting for "close to 600" of the 800 jobs cuts in Europe.

Foxboro's manufacturing plant at Redhill would be closed and product assembly would be moved to the US. This should add some 180 new jobs at the Massachusetts manufacturing operation.

Siebe plans to create a new European headquarters for Foxboro in West Germany. Foxboro will then retain additional but slimmer sales and service interests in the UK, France, Italy and the Netherlands.

Foxboro's head office in Massachusetts will also be used to house Siebe's North American corporate offices.

Siebe had made several US acquisitions, including Robertshaw Controls, during the past few years before the Foxboro deal.

Lex, Page 18

Bekaert result declines sharply as troubles mount in first six months

By Lucy Kellaway in Brussels

BEKAERT, the Belgian producer of steel wire and cord, yesterday reported on six months in which almost everything went wrong, resulting in a slide in group net profits in the first half of this year to just BFr413m ($12.84m) from BFr2.59bn in the same period last year.

Conditions would remain tough in the second half, it said.

In May, the company warned shareholders that its results would be 30 to 50 per cent down on the previous year, and in July it issued a statement saying the outcome could be worse than that.

Yesterday Bekaert announced that BFr250m had been lost through currency translation, while the strength of the Belgian franc against the US dollar and Japanese yen had reduced the group's competitiveness.

Bekaert also suffered from the weakness of the US automotive and building sectors, which are its biggest buyers, and fell victim to price-cutting by competitors.

As a result of lower demand, the benefits of new investment – on which the company has spent BFr31.8bn since 1988 – have not been fully felt, while interest costs have continued to rise.

However, Bekaert said that its long-term strategy remained in place and that its investment and restructuring would continue in order to reduce unit costs to a competitive level. Meanwhile, it said it was taking steps to phase investments and cut debt, costs and working capital.

Group cash flow fell to 56 per cent of the previous year's figure. Turnover of the parent company Bekaert SA fell by 7 per cent to BFr16.3bn, while net profit fell to BFr486m from BFr1.645bn. The 1989 profit included an extraordinary gain of BFr380m from the sale of two subsidiaries.

GEC seeks refund on Ferranti deal

By Michael Skapinker in London

GENERAL Electric Company of the UK is asking for a refund of some of the £270m ($499.5m) it paid for Ferranti Defence Systems in January, arguing that its own valuation has revealed that the business is worth less than it thought.

Mr Eugene Anderson, chairman of Ferranti International, hinted strongly that there was a dispute between the two companies when he addressed his group's annual general meeting yesterday.

Mr Anderson referred to press speculation that GEC thought it had paid too much for the defence systems group. Ferranti sold the business to GEC to raise much-needed cash in the wake of a £215m alleged fraud involving International Signal & Control, Ferranti's US subsidiary.

Mr Anderson said auditors representing GEC and Ferranti were preparing and analysing completion accounts for the sale. "We are in hope that the auditors and the companies can come to a sensible agreement about the completion accounts. If not, the contract provides for the appointment of an independent accountant to make a judgment on the issue," he said.

Mr Anderson added: "While we cannot predict the outcome of these negotiations, I should point out that in the 1990 accounts we provided for £25.8m which relates to any claim that might arise out of any disinvestments we have made to date." Ferranti's asset sales this year have raised a total of £403m. Other sales included the sale of Ferranti Italia to Finmeccanica, the Italian defence and energy equipment group, for £78m.

GEC denied last night that the company had ever claimed publicly that it had paid too much for Ferranti Defence Systems, which is made up of radar, navigation and display businesses. "After any deal, there's a post-completion accounting process. We haven't received anything from the auditors yet."

GEC's 1990 accounts, however, list a purchase consideration of £220.8m for the Ferranti business, £49.2m less than was paid and almost twice as much as Ferranti has set aside to settle any price disputes.

Menem warns on sale of Argentine airline

By John Barham in Buenos Aires

PRESIDENT Carlos Menem of Argentina has warned that he "would not accept manoeuvres in the sale of Aerolineas Argentinas by which the future controllers will pay for part of Aerolineas by selling aircraft."

The president's statement follows a report in a Buenos Aires newspaper confirming rumours that Iberia, the Spanish airline and its Argentine partners Cielos del Sur plan to sell and lease back Aerolineas aircraft, rather than pay for the carrier with fresh funds.

A federal judge stated that legal action to block transfer of the airline would be "admissible" if Iberia does sell Aerolineas assets to finance its purchase.

Privatisation of Aerolineas has been dogged by controversy. The group led by Iberia was the only one to make a bid for the company in July, when it offered $260m plus $2bn in a debt-for-equity swap.

Doubts over the sale grew when Iberia presented a letter of credit, rather than cash, in payment of the first $130m instalment on its acquisition. The remaining $130m is to be paid in 10 annual instalments.

It now emerges that First Boston, Iberia's advisers, has circulated confidential offers to foreign investors to buy preferred shares in Aerolineas following its transfer to the Iberia group.

Clarin, Argentina's leading newspaper, published a document stating that "the bidding group is currently in the final stages of negotiations with a major financial institution for a $225m sale and leaseback transaction for several aircraft." The proceeds would be used to settle the $130m letter of credit and to finance part of the $130m instalments due to the Argentine Government.

Spanish sources add that Iberia would use Argentine aircraft on its long haul flights and transfer some of its ageing aircraft from Europe to fly domestic routes.

Strong & Fisher in rescue deal with Hillsdown

By Clay Harris, Consumer Industries Editor, in London

THE rationalisation of Britain's troubled leather industry took another step forward yesterday when debt-laden Strong & Fisher announced a rescue package which will give majority control to Hillsdown Holdings, the diversified food group.

The deal is unusual in that 11 banks, to which Strong & Fisher owes an estimated £50m ($93m), have agreed to convert an undisclosed proportion of their debt into equity in the company. The package will also include a rights issue, on terms to be announced later.

Strong & Fisher is the UK's leading producer of fashion leathers and one of only two quoted companies left in the sector. More than 90 per cent of its output is exported.

The transaction will lead to a reduction of UK tanning capacity, particularly through the closures of fellmongeries – the plants which undertake the intermediate process of removing wool from skins and pickling the pelts of slaughtered sheep.

Hillsdown, Britain's largest abattoir operator, intends to put its hide markets, fellmongeries and rendering business into Strong & Fisher in return for a stake which will probably exceed 60 per cent.

The banks and Hillsdown together will hold more than 75 per cent of the enlarged equity, so current shareholders, who must approve the plan, face a heavy dilution of their interest.

For Strong & Fisher, the package means nothing less than survival.

Details, Page 26

Rugby deepens gloom in UK construction sector

By Clare Pearson in London

RUGBY, the UK cement, joinery and steel reinforcement group, yesterday deepened the gloom in the UK construction sector by warning that cement volumes were likely to fall by around 15 per cent this year.

Rugby further dismayed the market by failing to recommend any increase in its interim dividend as it unveiled pre-tax profits 14.4 per cent down at £34.5m ($64m) in the half-year to the end of June.

The interim profit results was in line with analysts' forecasts but the shares closed 5p down at 121p.

Rugby's comments on UK trading provided further evidence of deterioration in the construction industry as it entered the second quarter of the year, after being buoyed by mild weather during the first three months. It bore out the gloomy picture of conditions in the UK cement industry painted by Blue Circle, Britain's biggest company in the sector, when it announced interim results last week.

Rugby's trading profits from UK cement were down 10.8 per cent at £14.6m from £16.32m on turnover of £84.5m against £86.7m. Prices and volume were eroded when Blue Circle decided to sacrifice margin to regain market share during the period.

Mr Geoffrey Higham, Rugby's chairman, said: "We didn't want to give the impression that everything was fine, when clearly it's not."

The company stated that the first-half payment should not be taken as indicative for the year as a whole.

NEWS IN BRIEF

Poulenc to continue asset sales

RHONE-POULENC, the French state-controlled chemicals group, plans more divestitures of assets that are not central to its core activities to help defray the cost of its $2bn acquisition of Rorer of the US, Agencies report.

Mr Jean-Rene Fourtou, chairman, said asset sales for all of 1990 could give the chemicals and pharmaceuticals group between FFr1bn and FFr1.5bn ($288m) in fresh cash. He declined to identify which of the group's sectors would be affected by the new asset sales, however.

■ FLS Industries, the Danish engineering and building materials group, announced first-half pre-tax profit more than doubled to DKr409m ($69m) from DKr202m a year earlier, and expect higher profits this year than in 1989, despite the krone's strength. Group pre-tax profit in 1989 was DKr485m, while net profit after minorities was DKr436m. In the first half of 1990 net after minorities was DKr352m against DKr121m a year earlier.

■ Philip Morris Companies of the US said it now controlled 97.4 per cent of the voting rights and 94.9 per cent of the equity in Jacobs Suchard, the Swiss coffee and chocolate group it recently acquired. Morris' tender offer, made through Colima Holding, expires on September 18.

■ Carrefour Supermarche, a French food store chain, said net profit after payments to minority interests grew 19 per cent in the first half of 1990 to FFr556m ($106m) from FFr467m in the same period last year. Six-month revenue was FFr36.7bn, up 6.6 per cent from FFr34.432bn in the first half of 1989. Carrefour said the slow sales growth reflected "slowing consumption in France and recession in Brazil and Argentina."

■ Hoogovens, the Dutch steelmaker, plans to take a 50 per cent stake in the Dutch technical machinery manufacturer Binca Precisions. The terms of the agreement were not revealed.

Favourable fuel price and exchange rate lifts Sasol

By Philip Gawith in Johannesburg

SASOL, the South African synthetic fuel group specialising in the conversion of coal to oil and gas, lifted sales and profits in the year to June on the back of firmer international fuel prices, a weaker rand-dollar exchange rate and an improved rate of tariff protection.

Turnover rose by 22.9 per cent to R5.03bn ($1.96bn) from R4.9bn in 1989, while pre-tax profits rose 18.3 per cent to R1.33bn from R1.13bn. Approximately one third of Sasol's profit comes from synthetic fuels, a further third from coal and oils and the balance from chemicals, fertilisers, explosives and polymers. This breakdown excludes the Sasol 3 project, in which Sasol has a one-third holding.

Mr Paul Kruger, managing director, said that the company was in talks aimed at the possible purchase of the rest of Sasol 3 from the National Energy Fund. The project made a pre-tax profit of R275m.

He said that a new tariff protection framework which started in July 1989 brought greater stability and might make a takeover economically viable. Mr Jo Stegmann, chairman, emphasised that Sasol "will only take it over if it is a viable proposition for Sasol and its shareholders."

The new tariff framework incorporates a floor price mechanism linked to a crude oil price of $23 per barrel. Since the oil price has risen above this level in the wake of the Gulf crisis, the industry no longer enjoys protection.

Looking to the year ahead, Mr Stegmann predicted an improvement in group profits. This did not take into account the Gulf situation. He said that if the crisis were to become protracted it could benefit the company's synfuel and crude oil refining operations.

Earnings per share rose by 18.5 per cent to 132.4 cents, with the overall dividend up 13.3 per cent to 59.5 cents per share.

Ifil takes 7% of Pechelbronn

By John Wyles in Rome

IFIL, the Agnelli group's main investment vehicle, is to pay L260bn ($222.5m) for a 7 per cent stake in Pechelbronn, the main holding company of Groupe Worms, a leading French private financial group.

The stake looks set to create a tie between two financial holdings of a similar philosophy with some overlapping activities. Ifil is bent on diversifying its investments both in Italy and abroad and the Pechelbronn stake brings the overseas book value of its portfolio to L660bn, or 25 per cent of its total investments of L2,560bn.

Ifil said yesterday that the purchase would be financed mostly out of its resources, recently boosted by a L365bn capital increase, and that Mr Umberto Agnelli, its chairman, would be taking a seat on the Pechelbronn board.

Like its new Italian partner, Pechelbronn has investments in the food sector but also in paper manufacturing, insurance, transport and property. The book value of its investments is about L1,900bn and its capitalisation on the Paris Stock Exchange about L3,600bn.

The deal deepens Ifil's involvement in France, where it already has a 5.4 per cent stake in BSN, the French foods group, which, in turn, is its main partner in a growing portfolio of investments in the Italian food industry.

McDonnell Douglas to gain from pension arrangements

By Nikki Tait in New York

MCDONNELL Douglas, the largest defence contractor in the US, expects to show a one-off gain of $234m after tax in the third quarter of 1990, following a change in its pension arrangements.

The gain works out at the equivalent of $6.11 a share.

McDonnell shares gained 1⅞ cents at $49½ yesterday morning on Wall Street.

The company announced yesterday that it had purchased a group annuity contract from Metropolitan Life, the US insurer. This will cover 14,200 existing McDonnell Douglas pensioners, about 40 per cent of its total "retirees."

Their benefits will remain unchanged as a result, but the company said it would gain in two ways – its future liabilities would be reduced and McDonnell Douglas would be able to take a portion of excess in the plan's assets over future liabilities on to its books. It is this accounting benefit which will produce the third-quarter gain.

No assets held by the plan will revert to McDonnell Douglas and the company will not receive any cash as a result of the transaction.

Delay expected to Volvo car deal

VOLVO of Sweden is unlikely to sign a deal giving it 100 per cent ownership of Volvo Car, its Dutch car unit, this month as it wanted, the Dutch government said.

"The decision has to be carefully considered and then parliament has to be consulted. I do not expect this process to be concluded by the end of the month," the Ministry of Economic Affairs said, Reuter reports.

Volvo said in June it wanted to buy from the Dutch Government the 70 per cent of Volvo Car it does not own. It wants an agreement by the end of September so the deal can take effect on January 1 as part of a reorganisation.

INTERNATIONAL COMPANIES AND FINANCE

South African giant regains its optimism

Philip Gawith looks at the changing fortunes of Iscor, the privatised steel producer

MR WILLEM van Wyk, managing director of Iscor, the South African steel giant, had the uncomfortable experience recently of having to announce the company's first set of annual results since its privatisation last November with the share price standing 10 cents below the listing price of 200 South African cents.

This was but another body blow to the Government's privatisation programme, which has rapidly lost momentum. A combination of strenuous political opposition from the African National Congress (ANC), the Government's main negotiating partner, and an absence of suitable candidates has put privatisation very much on the backburner.

The public's experience of popular capitalism at the hands of the Iscor share price has also been unfortunate. Having touched a heady peak of 285 cents in early January, the price then sank to a low of 182 cents.

What went wrong? It all boils down to an over-optimistic earnings forecast in the issue prospectus. A combination of circumstances combined to defeat these forecasts, and when the Iscor management announced as much with the release of its interim results in March, it went down like a lead balloon with the investment community.

Iscor encountered two big problems: the softening of world steel prices in the second half of the year, and the breakdown in a blast furnace at the Vanderbijlpark plant which cost some 250,000 tonnes of export sales and left the company with an under-recovery of fixed costs and unbudgeted repair bills.

The market took a dim view of Iscor's protests that there had not been the slightest reason for expecting a fall in world demand for steel when it issued its prospectus. Substance was lent to the view that parastatal management habits had not been shaken off and, indeed, that the management was simply not up to the mark.

Mr Van Wyk counters: "The change in world prices for steel would not on its own have impacted on our ability to meet the prospectus forecast of a 20 per cent growth in earnings per share, but the combined circumstances limited growth to 14.1 per cent, from 43.9 cents to 50.1 cents per ordinary share."

Iscor, in fact, had a better than expected second half. Analysts had been expecting earnings per share closer to 47 cents, so when the results were released, the market responded gratefully by marking the share up 14 cents to 204 cents.

Although there remain sceptics, particularly concerning Iscor's management prowess, many believe the share is undervalued at its present price and has considerable potential. Although Iscor's managers are suitably chastened by their forecasting experience, they can point to a good record in the past few years and are optimistic about future prospects.

Iscor's problem plant: the steel mill at Vanderbijlpark

The company, the second-largest industrial concern in South Africa, and the western world's 14th-largest steel producer, turned over R6.92bn ($2.7bn) in the year to June, representing 17 per cent yearly compound growth over the past five years. Attributable profit was R929m, representing compound growth of 26.6 per cent a year over the same period.

Although the company is forecasting "somewhat lower" earnings for the year, it believes its medium-term prospects are good. Growth is being sought in the export market. The past year saw Iscor export 37 per cent of its 5.41m tonnes production, earning R2.4bn in the process. This year it expects to raise the figure to 50 per cent on the back of a "fairly meaningful" increase in total volumes.

Although the world steel production is expected to decline slightly in 1990, Iscor points out that its exports constitute only 1 per cent to 1.5 per cent of total world steel traded and hence there is considerable scope for it to expand sales without the market having to grow.

Iscor's other focus is on shifting its production towards higher value-added products. Says Mr Van Wyk: "There is no need for new basic steel-making capacity because the demand is not there. Our short-term strategy, therefore, is to get more value from the products we make at the moment. We have been doing this for some time."

Examples include converting from profile to flat-type products at the Pretoria plant and increasing the capacity of the hot-steel mill at Vanderbijlpark so that higher value slabs can be produced.

Mr Van Wyk looks forward to the lifting of American and European Community sanctions against South Africa's steel products which would allow Iscor to broaden its marketing base. He points out, though, that it had anticipated sanctions back in 1985 and diversified accordingly so that export volumes were never hit. It presently exports to 60 countries, with approximately two thirds, by volume, going to the Middle East and Far East.

Domestically, Mr Van Wyk is optimistic that political reform will bring greater political and economic stability, "and after you have economic stability you get economic growth." A huge demand for low-cost housing, growth in demand for beer and beverages and an increasingly export-oriented secondary manufacturing sector are all seen as factors which will enhance future growth.

Operating revenues improve at Genting

By Lim Siong Hoon in Kuala Lumpur

GENTING, Malaysia's largest property and leisure group which last year sold a 45 per cent stake in Resorts World, its gaming and hotel unit, reported M$401m (US$149m) in operating revenues for the six months to June.

The figures, which are not comparable with the previous results because of the Resorts sale, is nevertheless 45 per cent up on the M$276m Genting earned in the 1989 first half.

The improved performance reflects a rapid growth in tourism to Malaysia, thanks partly to the government-sponsored "Visit Malaysia 1990 Year" promotion abroad.

Genting's pre-tax profits emerged at M$220m compared with M$140m before; profits a share came out at M$0.42 as against M$0.35.

The group, which has proposed to split its 231m shares, also announced a 15 per cent rise in gross interim dividend and a special M$1 dividend.

● Resorts World, 55 per cent held by Genting after the latter's divestment, reported mid-year revenues of M$324m compared with M$27m before its separate listing.

Profits before tax came to M$146m compared with M$10m before; profit to shareholders emerged at M$86m or M$0.16 a share compared with M$0.06 previously.

It declared a 10 per cent gross interim dividend.

● Edaran Otombil Nasional (Eon), the Malaysian Proton car distributor, has reported a 65 per cent rise in first-half pre-tax profits to M$41m from M$25m.

This means that Eon is two thirds of the way to achieving 1990 pre-tax profit of M$61m, the forecast earlier this year when it was privatised.

Sales rose by nearly 59 per cent to M$957m compared with M$604m a year earlier.

Eon offered a 31 per cent stake in its June public issue, raising M$159m.

With no debts and M$190m in cash last December, the company plans to diversify into property and to acquire a stake in a bank.

NBH Peko lifts earnings 70%

By Bruce Jacques in Sydney

NORTH Broken Hill Peko, the diversified Australian mining and forestry group, has reaped strong benefits from iron ore and uranium operations to report a big net earnings lift for the year to June.

The company lifted profits 70 per cent to A$111.8m (US$91.8m) from A$65.5m despite a 4.8 per cent fall in sales to A$1.60bn from A$1.68bn.

However, the annual dividend is down from 17 cents to 12 cents a share, following a 6 cent bonus payout last year.

The result reflected an 81 per cent rise in pre-tax earnings from the mining and industrial division, to A$109.6m.

Most of this advance was from the group's 53 per cent interest in the Robe River iron ore and Warman pump operations.

And North's 65 per cent interest in Australia's biggest uranium miner, Energy Resources of Australia, produced a 44.4 per cent rise in pre-tax earnings to A$130.8m.

But pre-tax earnings from forestry and paper operations fell 31.6 per cent to A$54.6m and directors said North's 40 per cent interest in the Pasminco lead-zinc-silver combine contributed A$61.9m to the pre-tax results, down 10.2 per cent.

They said mining and industrial operations were expected to continue performing well in the current year, but forestry and paper would be affected by the uncertain state of the Australian economy.

The result excluded an equity contribution of A$19.9m against A$56.5m previously. The after-tax figure was A$78.6m compared with A$67.8m and net interest expenses were A$109.4m against A$106.2m.

Hwang sets bid in motion for two Lau companies

By Angus Foster in Hong Kong

MR HWANG Chou-shiuan, the Taiwanese business executive based in Hong Kong, yesterday formally launched his hostile bid for the two main companies belonging to the colony's Lau brothers.

Under Hong Kong's takeover code, the Laus now have two weeks to reply to the HK$8.62bn (US$1.1bn) offer, one of the largest in Hong Kong's corporate history.

The bid has been greeted with considerable scepticism in Hong Kong. The Laus have a tight grip on both companies, Evergo International and Chinese Estates, and, so far, have shown little interest in selling.

Mr Raymond Lee, director of Wardley Corporate Finance, adviser to Mr Hwang, said the bid was continuing despite the market's assessment that it could not succeed.

Mr Joseph Leung, managing director of Peregrine, adviser to minority shareholders in the Lau companies, said the response document would be straightforward. "I don't think the directors of Evergo need to take any defensive action."

INTERNATIONAL COMPANIES AND FINANCE

Levelling a lop-sided playing field

Lucy Kellaway looks at corporate reform in the Belgian stock market

It used to be no fun to be a small shareholder or a foreigner on the Brussels stock market. You had no real rights in a takeover, there was nobody to look after your interests, and you were always at the wrong end of cosy agreements between big Belgian business executives to build stakes in each other's concerns.

You were always in the dark, with reliable and timely information impossible to come by.

The attempt in 1988 by Mr Carlo De Benedetti to take over Société Générale de Belgique (La Générale), Belgium's biggest company, changed that. The shock which that battle dealt to the sleepy market stirred the law-makers into drafting half a dozen important new laws that have either been passed or are pending.

This autumn the Belgian parliament is due to debate a corporate law which would introduce such Anglo-Saxon notions as pre-emptive rights to the Brussels market. Belgium seems determined to have one of the best protected stock markets in Europe.

A comprehensive study by stockbroking firm Dillon Read Securities shows how extensive the changes have been. The corporate reform package now being examined would not only encourage the idea of pre-emptive rights, it would set limits on authorised share capital, and would make it legal for companies to issue non-voting shares, although only under restricted circumstances, and only up to one third of a company's capital.

The law would also allow companies to buy their own shares, provided they had shareholders' approval and did not plan to buy more than 10 per cent of the capital.

It would make further inroads into long established business practice by setting a 10 per cent limit to the cross-holdings between two companies. It would better define the responsibilities of directors to avoid conflicts of interest, when they sit on two boards or more.

This new package of measures will sit comfortably with those introduced over the last year. These tackle the problem of insider trading, make the market more transparent by insisting that all share stakes of over 5 per cent are declared, and establish firm rules for the conduct of takeovers. Anyone bidding for a Belgian company must bid for all the shares; the principles of transparency and impartiality are upheld.

Belgium's new willingness to pass financial laws has not altogether succeeded in creating a level playing field. The Dillon Read report notes that minority shareholders may still be as badly off as ever when large blocks of shares are exchanged.

As long as the buyers are not deemed to be making a full takeover – an ill-defined notion in Belgium – they are not covered by the takeover rules, and so can do whatever they like.

A good example of this was in May this year when La Générale and the other big Belgian holding company, Groupe Bruxelles Lambert, exchanged a 26 per cent stake in Wagons-Lits, the French tourist company. A substantial premium was paid, the Banking Commission raised no objections, and Wagons-Lits' other shareholders simply had to put up with it.

In other areas it is difficult to establish the extent to which the rules will really change the way business is done. It is not encouraging to note the hand the big holding companies have in setting the laws themselves.

For instance, it seems that the 10 per cent cross-shareholding limit would only apply to direct cross-shareholdings, therefore leaving the more complex tangles favoured by many Belgian companies untouched. The insider trading rules also give parent companies considerable leeway to deal in the shares of their subsidiaries without falling foul of the law.

The Banking Commission may lack the teeth needed to give the rules bite. As Dillon Read's report points out, it has no direct power to act quickly if the law has been broken, but instead must invite a court official to intervene. Even though it has the power to suspend companies' shares, it is understaffed for the job, and local brokers doubt whether there will be any rapid change.

In terms of immediate practical impact the most important of all the new measures may turn out to be the law making consolidated accounts compulsory, which will start to have some effect this year.

The more pressure on companies to produce accurate accounts, the more difficult it will become for them to take enormous and dubious write-offs to suit the big shareholders' interests. Although Belgian companies are still outstandingly mean with information compared with their London counterparts, the mood is slowly becoming more open. Gradually, companies are making the link between their share price and the well-being of all their shareholders; more and better information is flowing as a result.

The new Belgian laws come when the whole issue of stock market regulation conduct of companies and protection of shareholders is being debated within the European Community. Belgium, which is desperate to prove to the outside world that its markets are liquid, transparent, and altogether the place to be, is getting in first.

However, if there are any signs that its laws do not give the necessary protection to shareholders, it will find itself changing them again once the EC's more ambitious plans come into effect.

Asset sales boost Tooth and Co

By Bruce Jacques in Sydney

TOOTH and Co. the investment and liquor arm of Mr John Spalvins' Australia-based Adelaide Steamship group, has announced more than doubled earnings for the year to June, but most of the increase came from asset sales.

Tooth declared a 142 per cent rise in net earnings to A$216m (US$178.5m) from A$89.3m on a 13.8 per cent advance in sales to A$385.6m from A$338.9m. The annual dividend has been boosted to A$1.92 from 80 cents a share, sending more cash to associates in the complex group.

The results, however, reflect abnormal profits of A$120.7m – against A$17.7m previously – with A$108m of that coming from the sale of more than 200 hotels in the year.

Abnormal profits also came from disposal of the company's shares in the ANZ Banking Group, part of a large bank sector holding which Mr Spalvins has been progressively selling. He said yesterday that Tooth retained a significant holding in Westpac Banking Corporation shares.

Giving a better indication of Tooth's underlying trend, the company's pre-tax profit before abnormals was up just 3.8 per cent from A$64.8m to A$67.2m.

Like much of the Adsteam group, Tooth was restructured during the year and now consists mainly of one of Australia's biggest wine groups, Penfolds – which bought the rival Lindemans group during the year for an estimated A$350m – and investments in associates, Petersville Sleigh and National Consolidated.

The result included a tax benefit of A$28.2m compared with A$6.9m previously. The company has received an assessment for tax of A$7.8m, but Mr Spalvins said he believed no payment would be made.

Interest expenses jumped to A$146.4m from A$80.8m, mainly reflecting the group's purchase of a one-third interest in Industrial Equity. The result followed depreciation of A$7.8m against A$5.9m, but excluded an equity contribution of A$21.8m compared with A$19.2m.

Magna aims for further joint projects

By Robert Gibbens in Montreal

MAGNA International, the troubled Canadian car parts maker, is seeking further joint venture agreements like the one being negotiated with Ford Motor of the US.

Ford, in a deal which has yet to be finalised, plans to inject C$75m (US$65m) into a Magna unit making plastic bumpers.

Mr Fraser Wray, executive vice president, says Magna is now looking for joint venture deals on the Ford model, since these reduce the debt on Magna's books, rather than arranging outright asset sales.

Early this year Magna faced a financial crisis as debt surged to well over C$1bn as a result of rapid expansion, and a squeeze on profits due to high interest costs and lower demand.

The company says it has reduced debt by nearly C$400m by selling assets, including its electric motors division to Siemens Canada. Magna is consolidating all the debt of its subsidiaries as part of a restructuring plan being negotiated with lenders.

However, more asset sales may have to be completed in the year ending July 31 1991, if the target debt-equity ratio of 0.5:1 is to be reached by the end of fiscal 1992, analysts say.

Magna A stock has firmed nearly a point since June to around C$4.

The third-quarter loss was equal to 23 cents a share, but for the nine months ended April 30 the overall loss was $203m or $7.30 a share.

Venezuela seeks new oil markets

By Joseph Mann in Caracas

PETROLEOS de Venezuela (PDVSA), Venezuela's national oil company, is intent on creating a more aggressive marketing strategy in the US and the Far East after the Middle East crisis.

PDVSA, one of the world's largest oil companies, is seeking to acquire a 50 per cent share of an oil refinery in Pennsylvania, and is considering building a large petroleum storage and trans-shipment terminal in Malaysia in partnership with the Malaysian Government.

The oil company owns two oil refineries in the US and has equity holdings in four more petroleum refining and distribution companies in the US, western Europe and the Caribbean. It is now interested in gaining a foothold in the US asphalt market by acquiring a half interest in Seaview Petroleum Company, a small refinery that makes asphalt and speciality products.

Citgo Petroleum, a wholly owned PDVSA subsidiary, has been authorised to negotiate the deal. One unconfirmed press report in Caracas said the purchase could be worth US$42.5m.

If the initiative in Malaysia succeeds it will be PDVSA's first significant effort to penetrate markets in the Far East, especially in Japan. PDVSA is particularly interested in selling the Japanese a new fuel product, called Orimulsion, that is used in industrial and electric power plants.

In 1989, 66 per cent of Venezuela's 1.6m barrels per day of petroleum exports went to the US, while only 1 per cent was shipped to Japan.

Last week, PDVSA announced a reorganisation of overseas co-ordinating companies to handle increased oil exports and to look at new investment and marketing opportunities in eastern and western Europe.

Venezuela said it would increase crude oil production by at least 25 per cent this year to increase exports of crude oil and refined products after the invasion of Kuwait. PDVSA is also investing to sharply increase its future production and export potential.

INTERNATIONAL CAPITAL MARKETS

Gilts rise as data points to cooling in the economy

By Simon London in London and Janet Bush in New York

UK GOVERNMENT bonds traded well above Friday's close in response to retail sales and producer price data for August which suggested a general cooling in the economy.

The benchmark 11¾ per cent 2003/2007 gilt finished the day ahead ¾ point on Friday's close, at 99⅞ for a yield of 11.76 per cent.

Analysts described the figures as "good all round." A 1¼ per cent fall in retail sales for the month was generally within the range of expectations, although it remains difficult to discern a definite trend following a 1½ per cent increase in July.

More surprising were subdued increases in input and output prices, suggesting that the impact of higher oil prices could be partially offset by other factors in the economy.

However, trading volume in the gilts market remains thin and the rest of this week is expected to be quiet ahead of the announcement of data on the retail price index, used as a measure of inflation, for August on Friday. Expectations are of an annualised rate of between 10.3 and 10.4 per cent.

■US Treasury bonds received a mild boost at the long end of the yield curve yesterday morning on falling oil prices, but then lost ground as crude prices rebounded and the US Federal Reserve once again signalled no change in monetary policy.

In late trading, short maturities were quoted as much as ¼ point lower, while the Treasury's benchmark long bond stood ¾ point down for a yield of 8.97 per cent.

The US Federal Reserve announced it was doing three-day system repurchase agreements. This was seen as an operation strictly addressing the central bank's need to add substantial reserves to the banking system during the current period rather than a policy easing.

If the central bank had wanted to signal easier policy, it would more likely have announced an overnight system repurchase agreement.

Although the short end was clearly a little disappointed by this, the long end, which is more sensitive to long-run inflationary expectations, was helped somewhat. However, then crude prices rallied once again.

At midsession, October crude oil futures had stood $1.39 a barrel lower at $28.65. However, by the close they were quoted $1.26 a barrel higher at $31.30.

■QUIET trading in Tokyo left Japanese government bonds little changed, with the benchmark No 119 issue closing on a yield of 8.255 against 8.245 on Friday.

Dealers saw little hope of strong movement ahead of wholesale inflation data on Friday. End investors are staying out of the market on expectations that yields would edge towards 9 per cent in the longer term.

■THE German government bond market remained subdued, with cash and futures markets closing a shade higher on weaker oil prices and relative calm in the Gulf.

The benchmark 8¼ per cent 10 year bund closed at 97.23, up 0.38 for a yield of 8.93. On the futures market the December bund contract also moved ahead slightly, up 4 pfennigs on the day at 81.58.

● PARIBAS Capital Markets yesterday launched 100,000 each of call and put warrants on the London International Financial Futures Exchange (Liffe) bund futures contract.

Each warrant has a face value of DM10,000, giving a nominal issue amount of DM2bn. The warrants are exercisable into the September bund contract any time from September 2 1991, at a strike price of 82.75 for the call and 80.35 for the put.

A listing on the Frankfurt exchange has been applied for and the warrants are priced at 1.95 per cent of nominal value.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-23	+4/32	12.52	12.48	12.68
		9.000	03/00	84-07	+10/32	11.81	11.80	11.78
		9.000	10/08	83-08	+14/32	11.18	11.20	11.19
US TREASURY *		8.750	08/00	99-12	-10/32	8.84	8.87	8.68
		8.750	08/20	97-21	-18/32	8.97	9.00	8.80
JAPAN	No 119	4.800	6/99	82.5375	+0.129	8.23	8.12	7.89
	No 130	6.700	08/00	93.3790	+0.053	7.90	7.73	7.50
GERMANY		8.500	08/00	97.0700	+0.170	8.96	9.00	8.85
FRANCE	BTAN	9.000	11/95	95.3084	+0.750	10.19	10.41	10.07
	OAT	8.500	03/00	88.4300	+0.750	10.27	10.41	9.99
CANADA *		10.500	07/00	98.2500	-0.050	10.79	10.72	10.60
NETHERLANDS		9.000	07/00	99.5200	+0.160	9.07	9.11	8.98
AUSTRALIA		13.000	07/00	97.5357	+0.283	13.45	13.57	13.49

London closing, *denotes New York closing session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Mediobanca launches zero-coupon CDs

MEDIOBANCA, Italy's leading merchant bank, yesterday introduced zero-coupon certificates of deposit (CDs) in D-Marks and US dollars, writes Haig Simonian in Milan.

The new instruments will be sold alongside Mediobanca's lira CDs, which have been available through three leading domestic banks for many years.

The new two-year dollar and D-Mark paper may appeal to Italian investors wanting to diversify foreign currency holdings.

Although subject to the standard 12.5 per cent withholding tax, the new CDs will bear a lower tax burden than the 30 per cent tax normally levied on non-Italian securities.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99¾	100¼	+¼	9.00
ALBERTA PROVINCE 9 3/8 95	600	101	101¼	+¼	9.11
AMERICAN GENERAL 9 3/4 95	100	97⅞	99¼	+⅛	10.31
AUSTRIA 8 1/2 00	400	93¾	94½	+⅛	9.52
BANK OF TOKYO 8 3/8 96	100	95¼	95⅝	+⅛	9.52
BELGIUM 9 1/8 92	400	100⅞	101¼	+⅛	8.63
BFCE 7 3/4 97	150	92⅞	92⅝	+⅛	9.35
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	92	93		9.82
KREDIETCORP 7 93 LFr	1000	93¼	94½		9.76
WORLD BANK 8 96 LFr	1000	94	95		9.40
AMRO BANK 6 1/4 92 Fl	150	94¼	95¼		9.57
RABOBANK 5 3/4 93 Fl	150	92¼	92¾		9.44
ALBERTA PROVINCE 10 92 C$	500	97¾	98¼	+⅛	11.30
BCE INC 9 5/8 93 C$	300	95⅛	95⅝	+⅛	11.71
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	90⅛	90⅝		8.22
CANADA 4 3/8 92	80000	93⅞	94⅛	+⅛	8.17
CREDIT FONCIER 5 1/4 94	20000	89⅞	89⅞		8.28
DENMARK 7 95	40000	95⅞	96¼		8.14
EIB 4 5/8 94	40000	89¼	89⅝		8.17
GENERAL ELECTRIC 5 3/4 93	35000	94⅜	94⅞	-⅛	8.25
INTER AMER DEV 7 1/4 00	30000	95¼	95⅝	+⅛	7.94
ITALY 5 3/4 92	150000	96⅛	96⅞		8.29
KANSAI ELEC PWR 4 5/8 94	60000	88⅞	89¼	+⅛	8.28
NIPPON TEL & TEL 5 7/8 96	50000	90⅛	90⅝		7.94
NORWAY 5 1/8 95	50000	88⅞	89¼	-⅛	8.13
SWEDEN 5 5/8 95	20000	89⅞	90⅛		8.15
WORLD BANK 6 3/4 00	50000	92½	92⅞	+⅛	7.89

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]					
GRAND MET 6 1/4 02 £	100	6.58	89¾	90¾	+6.60
HAWLEY 6 02 PREF	400	1.91	107	108	+13.03
HILLSDOWN 4 1/2 02 £	150	4.16	99⅞	100⅛	+65.32
INTL PAPER 5 3/4 02	200	68½	85	85⅞	+21.62
LAND SECS 6 3/4 02 £	84	4.72	78¼	79¼	+9.38
METAL BOX 5 3/4 02 £	65	1.93	91	92⅞	-2.43
MITSUBISHI BK 1 3/4 02	300	2727.1	74¼	76	+1.45
OGDEN 6 02	85	39.077	76¼	77¼	+46.90
PACIFIC DUNLOP 6 3/4 97	75	3.749	106⅞	107⅞	+2.54
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	77½	78	
THORN EMI 5 3/4 04 £	103	7.45	99⅞	100⅞	+24.43

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 10, 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	53.4464	33.7872	38.3945
Albania	(Lek)	9.9612	5.3641	3.3910	3.8534
Algeria	(Dinar)	16.94	9.1222	5.7668	6.5531
Andorra	(Fr Fr)	9.8325	5.2948	3.3472	3.8036
	(Sp Peseta)	184.10	99.1383	62.6723	71.2185
Angola	(Kwanza)	58.761u	29.9180	20.0037	22.7319
Antigua	(E Carr $)	5.0422	2.7152	1.7164	1.9505
Argentina	(Austral)	11684.10	6291.9224	3977.5659	4519.9613
Aruba	(Florin)	3.3428	1.8001	1.1379	1.2931
Australia	(Aus $)	2.2907	1.2335	0.7798	0.8861
[illegible]					
Gabon	(CFA Fr)	491.625	264.7415	167.3617	190.1837
Gambia	(Dalasi)	15.7542	8.4836	5.3631	6.0944
Germany East	(Ostmark)	2.9375	1.5818	1	1.1363
Germany West	(DMark)	2.9375	1.5818	1	1.1363
Ghana	(Cedi)	640.00	344.6418	217.8723	247.5822
Gibraltar	(Gib £)	1.00	0.5385	0.3404	0.3868
Greece	(Drachma)	290.25	156.3004	98.8085	112.2823
Greenland	(Danish Krone)	11.1975	6.0298	3.8119	4.3317
Grenada	(E Carr $)	5.0422	2.7152	1.7164	1.9505
Guadaloupe	(Local Fr)	9.8325	5.2948	3.3472	3.8036
Guam	(US $)	1.8570	1	0.6321	0.7183
[illegible]					
Pakistan	(Pak. Rupee)	41.00	22.0786	13.9574	15.8607
Panama	(Balboa)	1.8570	1	0.6321	0.7183
Papua New Guinea	(Kina)	1.7601	0.9478	0.5991	0.6808
Paraguay	(Guarani)	2229.14	1200.3984	758.8561	862.3365
Peru	(Inti)	762072.59	410378.347	259428.967	294806.644
Philippines	(Peso)	46.00	24.7711	15.6595	17.7949
Pitcairn Is	(£ Sterling)	1.00	0.5385	0.3404	0.3868
	(NZ $)	3.0060	1.6187	1.0233	1.1628
Poland	(Zloty)	17770.00	9569.1976	6049.3617	6874.2746
Portugal	(Escudo)	259.60	139.7953	88.3744	100.4255
[illegible]					

Special Drawing Rights Sept. 7, 1990 United Kingdom £0.734510 United States $1.39153 Germany West D Mark 2.17190 Japan Yen195.371 European Currency Unit Rates Sept. 10, 1990 United Kingdom £0.699722 United States $1.30778 Germany West D Mark 2.06080 Japan Yen181.781

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; ♦ Kuwait: Dinar unavailable.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5.
Monday, September 10, 1990.

ISTITUTO BANCARIO SAN PAOLO DI TORINO
LONDON BRANCH
¥7,000,000,000
Floating Rate Depositary Receipts
Due 1994

Issued by The Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest in respect of deposits with Istituto Bancario San Paolo di Torino, London Branch.

Notice is hereby given that the Rate of Interest for the Interest Period from 9th September, 1990 to 9th March, 1991 is 7.83% per annum. Interest payable on 11th March, 1991 will amount to ¥1,941,411 per ¥50,000,000 principal amount of the Receipts.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

U.S. $200,000,000
Midland International Financial Services B.V.
(Incorporated with limited liability in The Netherlands)
Guaranteed Floating Rate Notes due 1999
Guaranteed on a subordinated basis as to payment of principal and interest by
Midland Bank plc

Notice is hereby given that for the six months Interest Period from September 12, 1990 to March 12, 1991 (181 days) the Note Rate has been determined at 8⅛% per annum. The interest payable on the relevant interest payment date, March 12, 1991 will be U.S. $408.51 per U.S. $10,000 nominal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 11, 1990

PAN-HOLDING
SOCIETE ANONYME
LUXEMBOURG

As of August 31, 1990, the unconsolidated net asset value was USD 316,842,657.89 i.e. USD 515.19 per share of USD 100 par value. The consolidated net asset value per share amounted as of August 31, 1990, to USD 535.35.

société nationale elf aquitaine

ELF AQUITAINE announces results for the first half of 1990

Consolidated accounts for the ELF AQUITAINE Group during the first half of 1990 show a highly sustained level of financial performance which was achieved in spite of unfavorable trends in currency exchange rates for the U.S. dollar and Japanese yen.

In billions of French francs	Six months ended June 30, 1990	1989	Year ended 1989
Sales	62.3	72.8	148.8
Cash generated from operations (net of exploration expenses)	11.6	12.4	23.8
Operating profit			
Exploration-production (net of exploration expenses)	5	4	8.5
Refining and Marketing and Oil Trading	0.9	0.3	1.2
Chemicals	3.7	3.4	2.3
Health, Bio-Activities and Beauty Products	0.6	0.7	1.4
TOTAL	10.2	8.4	13.4
Other income and charge (1)	(4.9)	(3.6)	(6.0)
Minority interests	(0.4)	(0.5)	(0.2)
Net Profit (Group share)	4.9	4.3	7.2
Net Profit per share (in French francs)	40	41	67

(1) This item includes income from companies consolidated using the equity method, net financial charges, taxes and the holding company's non-allocated charges.

Each of the Group's areas of activity increased its sales in the first half of 1990, compared to the same period for 1989. The majority of the overall increase was in the chemical sector due to sales from the newly acquired activities of the companies Pennwalt Corp. and Orkem.

Consolidated net income reached FFr 4.9 billion compared to FFr 4.3 billion for the first half of 1989, or an increase of 15 %. This income includes a capital gain of FFr 620 million from the sale of the subsidiary La Seigneurie, a paint manufacturer and the Group's share of FFr 300 million in the net profit of Orkem in the first half of 1990.

Even if strong uncertainties remain in the economic environment, the results of the first half of 1990, as well as those of the beginning of the second half should confirm an increase in net profit when compared with last year's results.

In each sector of activity, the trends were as follows:

The Elf Aquitaine Group now uses the concept of operating profit to express the financial results of each of its areas of activity. Operating profit is defined as profit before interest income and expenses, taxes and minority interests. This presentation, retained by the majority of petroleum companies, better reflects the true performance of each sector of activity and better reports the financial structure of the Group. Thus, results for the holding sector no longer appear in the accounts.

• EXPLORATION-PRODUCTION

This sector again saw a strong increase in oil production which reached 14.9 million tons compared to 11.5 million tons for the same period 1989. Gas production decreased slightly to 7.4 million tons oil equivalent from 8 million toe last year.

The average price of crude oil for the period prior to the Persian Gulf crisis was $ 17.90 per barrel for Brent, similar to that for the first half of 1989 and for 1989 as a whole. However, the weakening of the dollar had a negative impact on the accounts in French francs, which partly offset the positive effects of the increase in production.

The Group has, however, maintained its exploration expenditures at the same level as for the first half of 1989, of FFr 2.3 billion. Total operating profit for this sector reached FFr 5 billion, or an increase of 24 % when compared to the first half of 1989.

• REFINING AND MARKETING, TRADING

Efforts in restructuring the Group's refining and marketing activities have been successful with recovery due to a more favorable European refining environment. Elf France, the principal refining and marketing subsidiary of the Group, increased market share for its network through the development of unleaded gasoline. An important investment plan was begun in response to the qualitative and quantitative evolution for gasoline products. Thus, the operating profit shows a positive increase from FFr 300 million to FFr 900 million even though profitability remains modest when compared to the value of the assets.

• CHEMICALS

In general, activity in this sector was well-balanced between petrochemicals, chlorochemicals and fertilizers, on the one hand and fine specialty chemicals on the other.

Base chemical prices declined but without accentuation during the first six months of 1990. It must be remembered that prices for the first six months of 1989, were exceptionally high. As for speciality chemicals, satisfactory results were maintained in spite of the fall of the dollar and the yen. Generally speaking, the Group's chemical activities suffered from the slowdown in the growth of the U.S. economy.

Operating profit for chemicals, including the exceptional gain on the sale of La Seigneurie, but before taking into account the Orkem results, was FFr 3 billion against FFr 3.4 billion for the first half of 1989.

• HEALTH, BIO-ACTIVITIES AND BEAUTY PRODUCTS

Operations in this sector during the first six months were especially affected by the fall of the dollar and yen. Revenues in the area of bio-activities were also influenced by low prices for proteins. Results for the first six months of 1990 include non-operating charges due to acquisitions made in the U.S. at the beginning of this year. Sanofi's principal activity, human health, confirmed a satisfying progression of its results. Operating income for Sanofi amounted to FFr 600 million, down from FFr 660 million for the first six months of 1989.

During the first months of the year, the Group maintained a steady investment policy pursuing the development of hydrocarbon reserves as well as launching new industrial projects and making further acquisitions. In relation to external growth, excluding the integration of Orkem's activities, the Elf Aquitaine Group was involved in several important operations in the oil and gas sector:

- the purchase of the oil and gas assets of BP in France and those of Coparex in Norway and Cameroon,
- continued internationalization of downstream oil activities with the purchase of the refining and marketing activities of Amoco in the U.K. and the decision to acquire a 20.5 % interest in the Spanish oil refining and marketing company Cepsa.

These operations will be finalized during the second half of 1990.

A leading French oil and gas company developing its activities worldwide.

INTERNATIONAL CAPITAL MARKETS

EIB Y25bn deal with 8% coupon wins good reception

By Stephen Fidler, Euromarkets Correspondent

AS THE international bond market prepared for the launch today of the World Bank's third so-called global bond issue, the yen sector of the Eurobond market was enlivened by a Y25bn issue for the European Investment Bank.

The seven-year EIB issue won a good reception, due in no small part, dealers said, to its 8 per cent coupon which was high enough to attract significant European investment. After bidding on Friday, EIB awarded the mandate to IBJ International, the first time that a Japanese bank rather than a securities house had lead-managed a public fixed-rate Eurobond for that borrower.

IBJ said it had kept close control of the issue, committing Y19.1bn, and more than half its allocation was sold in Europe, although some traders said they had not seen a significant trading float in the London market.

At a discount equivalent to the 1% per cent fees, the issue provided a modest yield pick-up to an outstanding 1997 World Bank Eurobond which was yielding exactly 8 per cent yesterday morning, and there was some switching into the new issue. It was quoted within fees at 100.05/15.

IBJ said the issue was not swapped. The swap market was not providing attractive funding currently from yen into floating-rate dollars, which is likely to continue to limit the new supply in the yen market since only a narrow range of suitable borrowers is looking for yen funds.

The World Bank is expected today to announce pricing of a $1.75bn-$2bn, five-year issue. It has launched two previous $1.5bn global issues over the last 12 months.

According to dealers, the strongest demand appeared to be from New York, where there is good investor interest in agency paper. European demand was less robust, and some estimated that to ensure a strong reception in Europe, the Bank would need to pay an extra 3 to 4 basis points in yield over what would have been necessary in New York. Japanese investors, uncertain about the dollar's prospects, are reputedly being cautious.

The suggested spread of the issue over five-year US Treasurys ranged between 30 basis points and 32 basis points at one end, as low as 25 basis points at the other. The final spread looks likely to be tighter than 30 basis points.

After subordinated debt issues totalling $2.9bn by Japanese banks last week, Mitsubishi Bank added $800m to its capital base through a 10-year issue of loan participation certificates issued through Salomon Brothers.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsubishi Bank(b)†◆	800	(b)	100	2000	30/15bp	Mitsubishi Fin.Int.
Cosmo Oil Co.(a)♦	340	(5⅛)	100	1994	2¼/1½	Nikko Secs.(Europe)
CANADIAN DOLLARS						
GECC(a)◆	100	11¾	102	1992	1⅞	Merril Lynch Int.
NEW ZEALAND DOLLARS						
State Bk Sth.Australia(a)◆	50	14⅛	101.95	1994	1¾/1⅛	Hambros Bank
D-MARKS						
Stora Finans'ning(c)†◆	300	(c)	100.20	1994	20/10bp	WestLB
City of Ankara(a)◆	150	10¼	100	1995	2/1¼	DG Bank
SWISS FRANCS						
Nitto Arare Co.(a)★★◆	30	8	99¾	1995	-	Dai-Ichi Kangyo Bk
YEN						
European Inv.Bk(a)◆	25bn	8	101⅜	1997	1⅝/1⅛	IBJ Int.
Toronto-Dominion Bk(d)◆	2.7bn	14⅛	101⅛	1991	1⅛/⅝	New Japan Secs.

★★Private placement. §Convertible. ♦With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Issue in form of loan participation certs., issued via Salomon Bros. AG. Proceeds from loan certs. will be used to fund & maintain a 10 year subordinated loan to Mitsubishi Bk (London branch). Callable after 5 years on each coupon payment date at par. Coupon pays for first 5 years, 3-month Libor plus 25bp, then 3-month Libor plus 35bp thereafter. c) Coupon pays 6-month Libor plus $\frac{1}{16}$. Non-callable. d) Nikkei-linked issue. Non-callable. e) Correction: issue published 10/9/90. Borrower, Lasmo, Lead Manager, SBC. There is no put option. Issue is callable at par from 1995.

Bond Corp brewing sale held up again

BOND CORPORATION Holdings yesterday failed for the second time to gain bondholders' approval for the sale of its brewing interests to associate company Bell Resources, writes Simon London.

The meeting in London of holders of $200m 5¾ per cent convertible bonds did not reach a quorum, after some proxy votes submitted for the first meeting in July were not resubmitted. Both sterling and dollar convertible bondholders have a trust deed giving them a right to prevent the sale of Bond Corporation's brewing interests. If the sale does not go ahead Bond Corporation will probably be wound up.

Bond Corporation Holdings has now called a third meeting for September 27. However, the company said it was working towards a September 30 dealine for completion of the brewing sale. If the deadline is not met the company will be dependent on the day-to-day support of a bank syndicate led by National Australia Bank.

Some investors at yesterday's meeting thought it unlikely the company would achieve the quorum next time.

Sponsors rescue troubled equity fund

By Stephen Fidler, Euromarkets Correspondent

SPONSORS of a fund enthusiastically endorsed by Commonwealth finance ministers a year ago have rescued the project which neared collapse after the withdrawal of its main underwriter.

The signing of the subscription agreements for the Commonwealth Equity Fund by 10 investment institutions, including the International Finance Corporation, the private sector development arm of the World Bank, will save the ministers acute embarrassment when they meet in Trinidad later this month.

The commercially-operated fund is intended to invest in Commonwealth country stock markets. Ministers saw it as a way of opening their economies to foreign capital.

Six US institutions two from Canada, one from the UK and the IFC have agreed to subscribe $56.5m.This is less than the fund Barclays de Zoete Wedd, the UK stockbroker, said it would launch in May. BZW then said it would sponsor the London listing of a $100m fund, half underwritten by Nikko Securities of Japan. North American institutions had committed about $50m to the fund through its main sponsor, Batterymarch of Canada.

Days after the announcement, Nikko withdrew as underwriter, citing adverse market conditions after its premarketing effort had not been successful.

Country funds had lost appeal amid stock market uncertainty in Japan. BZW decided to postpone the listing, although both parties said they would reassess the outlook later.

Their withdrawal, which came after months of effort to find a structure that would satisfy the listing and other investor requirements, threatened to bring about the withdrawal of the US institutions.

This was averted only after a significant effort by Batterymarch, which had to restructure the deal as a private placement and encourage the IFC to commit funds.

Finland aims to shake off chains

Enrique Tessieri examines the restrictions on Helsinki capital markets

Finland has been criticised in the past for being too restrictive when it comes to foreign investment. The bulk of this criticism has come from outside the country, but there are signs that it is also coming from within.

The need to generate capital and revive the country's comatose stock market has encouraged some Finns such as Mr Timo Peltola, president of Huhtämäki a confectionery, packaging and pharmaceuticals group, to be more outspoken on foreign investment.

"I have difficulties understanding why we still continue to have restrictions [on foreign capital]. We need more money to develop our industry and one way to get more capital is by opening the doors," he said.

At the moment, an antiquated Restricting Act of 1939 restricts foreign companies from participating in forestry, mining, refining, shipping and securities trading. Foreigners can normally own 20 per cent of a Finnish company and, with special permission, 40 per cent.

Finnish and foreign investors were outraged two years ago when the Government enacted a law which reduced foreign ownership of stakes in Finnish insurance companies from 100 per cent to 40 per cent.

Mr Peltola, like Mr Casimir Ehrnrooth, president of the powerful Confederation of Finnish Industries, felt that the law harmed Finland's image.

"I believe it went totally in the wrong direction. The law was a grave mistake because it got very adverse publicity and did not help to convince foreign investors about the seriousness of the Finnish Government," said Mr Ehrnrooth.

Lifting restrictions might help to revive Finland's small capital markets. Mr Ehrnrooth claims there is no proof that foreign investment would increase dramatically if restrictions were lifted, but others disagree.

Mr Stanislav Rudcenko, vice president of the London-based Bankers Trust Company, believes that, if the investment climate was favourable, Finland could receive as much as $4bn in foreign capital annually. "Taking into consideration the close proximity of Finland to the Baltic republics and Leningrad, the country could offer good investment opportunities," he said.

Foreign investment last year was only FM1.39bn ($373m), while a record FM11.79bn was invested abroad by Finnish companies.

The Government has taken some important steps to make the country's capital markets more favourable to foreigners. The Bank of Finland decided from September 1 1990 to allow the sale of derivative instruments based on Finnish shares and warrants to foreigners. In a more important gesture, the Finnish parliament plans to allow foreigners to own restricted shares through mutual funds from next year.

Many analysts feel that opening up Finland's capital markets to foreigners will take time and prove difficult since it would involve a significant restructuring.

Mr Robert Sergelius, an analyst for Arctos, a Helsinki-based stockbroking house, believes it is a positive sign that the Government has taken measures to attract foreign capital. He does not believe, however, that anything significant can happen on this front as parliamentary elections are due in March 1991.

In answer to these restrictions, he explained, "Finnish companies like Huhtämäki, Nokia and even Fiskars have not made any major investments in Finland for quite a while and have instead established themselves more and more outside the country."

Unlike other Nordic countries, Finnish banks have an awesome control over industry as well as the country's capital markets. Their control extends through foundations, insurance and holding companies into various sectors of industry.

Thus Finnish banks and insurance companies have been largely responsible for creating illiquidity in the capital market. Mr Peltola believes that when restrictions on foreign ownership are lifted, this could undermine the hold which banks have over industry. "The country's capital markets should work more on market forces and stop being a club run by a few banks and insurance companies," said an analyst.

If ownership restrictions are lifted, this could force Finland to have only one type of share. Presently, Finland has low voting and high voting shares, free and restricted shares, which can be difficult for even Finns to own.

Mr Peltola did not feel that merging Huhtämäki shares into one would signify any problems for investors. He felt that the lifting of restrictions would, however, open more doors for his company.

"Restrictions have been harmful to those companies which have not been able to raise equity from international markets. Finnish companies are more indebted than [western] European companies," explained Mr Peltola, who felt that liberalisation would allow Finnish companies greater access to risk capital.

Insurance groups in housing deal

By Richard Lapper

AUSTRALIAN and UK banking and insurance groups have combined to produce an innovative loan package to finance a public housing development.

Mr Dane Douetil, a director of Special Risk Services, a London-based insurance broker involved in the deal, said the "new techniques of analysing and dealing with the risks in this housing investment... could be expanded into new areas of public finance. Essentially the programme involves the dynamic management of a portfolio of property assets, with insurance companies underpinning the performance. This is a real breakthrough for insurance with global implications."

The local life insurer, the Australian Mutual Provident Society, is to make a A$145m 20-year loan to the New South Wales regional government, allowing it to buy 1,000 houses for public tenants in the Sydney area.

The properties will be selected from a range in the Sydney area, rather than being developed as a uniform government housing scheme.

Under the deal, engineered by SRS and the Capital Markets Group of National Australia, interest payments on the loan are to be rolled up and capitalised.

In 20 years' time NSW is expected to have to repay about A$1.4bn, with the money coming from a combination of property sales and accumulated rental income.

The cornerstone of the package is a financial insurance policy which covers the possibility that property values might grow at a slower rate than expected.

The policy covers aggregate losses up to a limit of A$350m with the size of premiums to be paid by the NSW authorities based on a model drawn from a study of Sydney property values by the local actuarial company, Mercer Campbell Cook & Knight.

Mr Douetil said: "The scheme is cost effective, it is unique in that the repayment of the debt is geared to inflation and guaranteed by insurance. By opening up non-traditional sources of finance for public housing, the scheme could be developed in other contexts."

Consultancy group to operate Soviet subsidiary

By Richard Waters

PRICE Waterhouse, the international accountancy and consultancy group, has received approval to operate through a wholly-owned firm in the Soviet Union, rather than through a joint venture with a Soviet partner, as required in the past.

The firm claimed the permission made it the first professional services firm to operate outside a joint venture.

● Romania's stock exchange, closed for half a century, will re-open before the end of this year and Bucharest's old banking district will be resurrected, Mr Mugur Isarescu, the National Bank governor, said, Reuter reports.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday September 10 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Sep 7 Index No.	Thu Sep 6 Index No.	Wed Sep 5 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (195)	741.67	+0.6	15.21	6.27	8.05	25.75	737.41	737.12	753.51	1002.12
2	Building Materials (26)	916.19	-0.4	16.59	6.60	7.43	33.68	920.02	918.32	942.27	1177.24
3	Contracting, Construction (36)	1136.22	-0.8	20.17	7.21	6.44	42.06	1145.50	1148.23	1170.12	1596.08
4	Electricals (10)	2086.26	+0.8	14.06	6.42	8.70	64.89	2070.55	2068.73	2104.25	3006.02
5	Electronics (27)	1594.18	+1.5	10.37	5.04	13.07	55.67	1570.86	1571.57	1618.56	2287.51
6	Engineering-Aerospace (8)	432.32	+2.4	15.16	5.44	7.85	10.79	422.21	423.03	429.33	0.00
7	Engineering-General (46)	409.99	+0.5	14.86	6.32	8.12	14.87	407.91	408.13	412.26	0.00
8	Metals and Metal Forming (6)	421.48	-1.3	27.38	7.98	4.44	17.02	427.15	416.56	422.30	525.60
9	Motors (13)	302.06	+0.6	17.77	7.82	6.55	13.91	300.33	300.06	307.98	361.14
10	Other Industrial Materials (23)	1310.25	+1.0	13.09	6.10	8.84	40.92	1296.76	1302.20	1333.96	1833.58
21	CONSUMER GROUP (178)	1189.46	+1.4	10.34	4.28	11.94	26.11	1172.59	1168.63	1185.20	1391.45
22	Brewers and Distillers (22)	1474.75	+1.7	10.43	3.95	11.62	30.61	1449.84	1433.25	1461.02	1547.24
25	Food Manufacturing (20)	1008.96	+1.4	11.50	4.80	10.73	24.47	995.27	992.49	1002.79	1207.38
26	Food Retailing (16)	2397.29	+1.8	9.71	3.44	13.08	45.88	2355.67	2363.39	2422.37	2647.14
27	Health and Household (16)	2403.86	+3.1	7.28	2.89	16.35	29.07	2331.62	2286.86	2295.15	2668.47
29	Leisure (32)	1211.59	+1.4	12.34	5.17	9.80	36.39	1194.44	1196.95	1224.66	1826.45
31	*Packaging & Paper (12)*	*495.19*	*-2.7*	*13.28*	*7.02*	*9.26*	*20.57*	*508.84*	*514.76*	*520.59*	*610.99*
32	Publishing & Printing (16)	3068.90	+0.5	11.85	6.11	10.58	117.68	3053.40	3066.51	3096.73	3803.57
34	Stores (33)	756.46	-0.4	11.75	4.99	11.03	17.19	759.15	770.66	781.52	901.79
35	Textiles (11)	403.73	-1.4	15.10	8.91	8.34	19.76	409.27	411.20	420.49	581.90
40	OTHER GROUPS (107)	1024.06	+2.0	12.42	5.81	9.74	30.13	1004.06	1004.35	1020.76	1211.76
41	Agencies (16)	1242.82	+2.6	8.20	3.15	14.74	20.34	1210.86	1204.94	1217.79	1604.07
42	Chemicals (24)	1044.55	+2.2	12.67	6.35	9.32	44.26	1022.36	1025.27	1040.36	1339.72
43	Conglomerates (15)	1379.72	+2.5	12.21	7.23	9.84	34.46	1345.57	1370.22	1408.41	1725.20
44	Transport (13)	1917.07	+1.0	12.94	5.42	9.81	50.29	1897.18	1916.56	1955.76	2402.21
46	Telephone Networks(2)	1145.43	+1.8	11.69	4.92	11.13	26.09	1125.42	1121.62	1137.50	1188.65
47	Water(10)	1940.03	+2.3	15.89	6.98	7.07	68.12	1896.18	1870.56	1909.59	0.00
48	Miscellaneous (27)	1553.00	+1.7	13.54	5.84	8.48	61.26	1527.53	1502.85	1509.80	1926.45
49	INDUSTRIAL GROUP (480)	1032.93	+1.4	12.10	5.21	10.12	28.08	1018.57	1016.98	1033.97	1256.76
51	Oil & Gas (20)	2487.49	-0.4	10.03	4.97	13.05	72.16	2498.72	2500.18	2493.49	2263.07
59	500 SHARE INDEX (500)	1151.27	+1.1	11.76	5.17	10.50	31.65	1138.72	1137.35	1152.69	1342.20
61	FINANCIAL GROUP (107)	691.75	-0.1	-	6.83	-	29.35	692.37	696.79	707.81	819.79
62	Banks (9)	750.36	-0.1	21.78	7.65	6.01	41.50	750.94	755.93	763.53	834.57
65	Insurance (Life) (7)	1294.81	+0.1	-	5.71	-	37.79	1293.78	1296.33	1349.74	1243.24
66	Insurance (Composite) (6)	571.95	-0.7	-	7.42	-	24.94	575.83	576.88	587.72	656.66
67	Insurance (Brokers) (8)	837.49	+0.2	10.20	7.67	12.92	39.82	836.08	834.15	837.69	985.70
68	Merchant Banks (7)	373.46	-0.7	-	5.44	-	11.93	376.23	381.57	384.96	401.89
69	Property (47)	916.20	+0.6	8.45	5.35	15.73	23.74	910.40	925.46	938.05	1380.41
70	Other Financial (23)	254.45	-0.8	10.67	6.98	12.32	9.88	256.48	255.55	256.80	371.67
71	Investment Trusts (66)	1059.14	+0.7	-	3.72	-	23.74	1051.94	1056.01	1063.68	1285.57
91	Overseas Traders (5)	1275.24	+1.0	10.93	7.17	10.93	59.65	1262.79	1259.68	1269.12	1516.09
99	ALL-SHARE INDEX (678)	1040.59	+0.9	-	5.37	-	30.76	1031.07	1031.06	1045.08	1215.97

		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Year ago
	FT-SE 100 SHARE INDEX♣	2147.0	+24.1	2153.7	2133.2	2122.9	2120.9	2152.2	2148.0	2166.6	2400.6

FIXED INTEREST

	PRICE INDICES	Mon Sep 10	Day's change %	Fri Sep 7	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	116.47	+0.15	116.61	0.31	8.63
2	5-15 years	120.22	+0.34	119.82	-	9.43
3	Over 15 years	120.72	+0.45	120.17	-	9.84
4	Irredeemables	138.68	+0.25	138.34	-	8.85
5	All stocks	120.83	+0.28	120.61	0.11	9.30
	Index-Linked					
6	Up to 5 years	150.23	+0.02	150.21	-	2.46
7	Over 5 years	136.87	+0.06	137.04	0.25	3.12
8	All stocks	137.76	+0.06	137.92	0.23	3.06
9	Debentures & Loans	98.46	+0.37	98.36	0.26	8.62
10	Preference	73.93	-0.16	74.62	0.57	4.58

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 10	Fri Sep 7	Year ago (approx.)
	British Government				
1	Low	5 years	11.06	11.12	9.73
2	Coupons	15 years	11.06	11.12	9.33
3		25 years	11.06	11.12	9.23
4	Medium	5 years	12.11	12.18	10.67
5	Coupons	15 years	11.59	11.64	9.73
6		25 years	11.31	11.35	9.36
7	High	5 years	12.21	12.27	10.78
8	Coupons	15 years	11.86	11.91	9.93
9		25 years	11.62	11.66	9.52
10	Irredeemables†		11.18	11.20	9.28
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.64	4.64	3.02
12	Inflation rate 5%	Over 5 yrs.	4.32	4.32	3.50
13	Inflation rate 10%	Up to 5 yrs.	3.53	3.53	2.25
14	Inflation rate 10%	Over 5 yrs.	4.15	4.15	3.34
15	Debs &	5 years	13.93	14.03	13.06
16	Loans	15 years	13.10	13.08	12.04
17		25 years	12.83	12.87	11.40
18	Preference†		12.83	12.80	10.19

♣Opening index 2133.2; 9 am 2142.6; 10 am 2142.3; 11 am 2147.8; Noon 2146.4; 1 pm 2147.6; 2 pm 2148.7; 3 pm 2151.7; 4 pm 2145.6; 4.10 pm 2145.9; (a) 2.42pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	68	2	27
Corporations, Dominion and Foreign Bonds	5	0	17
Industrials	407	235	924
Financial and Properties	198	89	451
Oils	21	15	52
Plantations	2	0	8
Mines	34	27	98
Others	88	24	130
Totals	823	392	1,707

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

● First Dealings Aug. 28
● Last Dealings Sept. 14
● Last Declarations Dec. 6
● For settlement Dec. 17

For rate indications see end of London Share Service

Calls in Brent Walker Pref., Next, Tusker Res. and Tullow Oil. Puts in Barratt Devs., Saatchi & Saatchi and Speyhawk.

LONDON TRADED OPTIONS

SLOW business on the derivative markets yesterday picked up just before the close with a surge of trading in BP and Hanson options.

Securities firm James Capel continued what has been referred to as its "war spread" by buying heavily on October 360 calls in the traded options market and selling October 2,150 calls in the FT-SE Index.

Rival firms said Capel had dealt in about 6,000 calls last week and some 500 yesterday. The trade is rumoured to be for one institution which is banking on an outbreak of war in the Gulf. That is expected to push up the price of BP and make it outperform the market.

Analysts at Barclays de Zoete Wedd said the trade represented an outlay of more than £1.2m. They said the buyer stood to gain over £7m in the event of war and lose a similar amount if not.

A total of 2,978 BP contracts were exchanged but the trade was topped by Hanson which had a turnover of 3,635 options, also in late trading. The majority of the trade was accounted for by a February 200 straddle which was sold 1,500 times at 27p. Rolls-Royce led the field for most of the day but closed third with 2,559 lots exchanged – mostly intra-market trading ahead of the company's results on Thursday.

Generally, turnover was down from Friday with 25,525 lots exchanged (14,333 calls and 11,192 puts) contrasting with 32,591 before the weekend.

Business in FT-SE options was marginally up from 6,377 to 6,484.

The London International Financial Futures Exchange was quiet with only 3,976 September FT-SE futures and 325 December futures exchanged.

The FT-SE September future took its lead from Wall Street's and Tokyo's gains. It opened up 19 points and traded at a premium not seen since the beginning of the Gulf crisis.

Fair value was estimated at 7 and there was a healthy premium to cash of 12 on the September FT-SE future which closed at 2,164. The December FT-SE future closed at 2,219½.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allid Lyons (*482)	460	33	50	67	7	16	20
	500	11	29	45	27	35	38
	560	3	14	25	70	70	75
ASDA (*110)	100	13	19	-	2½	4½	-
	110	6½	13	16	6	7	11
	120	3½	8½	12	12	15	17
Brit. Airways (*169)	140	31	35	39	1½	4	9
	160	14	20	25	5	10	12
	180	4½	9½	15	15	21	22
SmKl Beecham A (*551)	500	58	79	95	5	13	17
	550	21	45	62	17	27	33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Utd. Biscuits (*327)	300	29	43	50	4	9	12
	330	10	25	32	15	21	24
	360	3	12	19	40	42	43
Unilever (*639)	600	52	72	90	9	20	23
	650	20	43	60	30	38	45
	700	5½	25	38	72	75	77
Ultramar (*369)	330	47	62	73	3	10	15
	360	23	45	55	10	18	23
	390	8	25	35	27	32	37

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	500	58	82	93	9	14	25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*213)	200	15	25	31	2	6	9
	220	3½	14	19	11	13	16
Amstrad (*59)	50	10	12½	15½	1	2¼	3½
	60	2½	7	11	3½	6	8
Barclays (*342)	330	14	35	50	3	8	15
	357	4	22	-	18	23	-
Blue Circle (*196)	200	4	16	24	6	12½	16
	220	1½	8	16	26	27	28
British Gas (*222)	220	5	16½	21	4	7½	11
	240	1	7½	12½	20	21	22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

European boost for British Vita

By Clare Pearson

BRITISH VITA, the Manchester-based polymer, fibre and foam group, yesterday reported a 16 per cent gain to £27.25m in pre-tax profits for the half-year to end-June as it continued to benefit from expansion into continental Europe.

The result was achieved on turnover 13 per cent higher at £324.15m (£286.78m). Some 40 per cent of the sales advance came from acquisitions, most of which were made in Europe.

Mr Bob McGee, chairman, said: "Total sales to date in the second half continue the growth trend of the first half and with our management structure and geographical spread, I am confident that progress will be maintained."

During the six months, UK operations suffered a slight fall in pre-tax profits to £9m on maintained sales.

However, a 50 per cent profits increase was achieved in continental Europe, pushing the contribution from that region to about 60 per cent of the total.

Mr McGee said benefits from a restructuring of the German operations, profits from new acquisitions and a continued emphasis on production, technical and marketing efficiencies contributed to the result.

Earlier this month British Vita sold its 41 per cent interest in Vita Pacific, the Australian quoted consumer foam and fibre company, to Pacific Dunlop for A$19.5m (£8.4m). It said it saw restricted scope to develop this "non-core activity."

As a result of the sale, there is to be a reduction in gearing from the level of 23 per cent at which it stood at the half-year end. This was after the company had spent £11m on acquisitions and £13m on capital expenditure. Interest charges in the half-year rose to £1.56m (£269,000).

Spartech, the US polymer company in which British Vita took a 32 per cent stake in September last year, improved its performance, making a small net positive contribution.

Earnings per share stood at 9.5p (8.3p). The interim dividend is being lifted to 3.3p (2.8p).

● COMMENT

British Vita once again exceeded analysts' forecasts with these encouraging figures. However, followers were yesterday slightly flummoxed by the optimistic stance on prospects that the company, which makes nearly 20 per cent of sales to the automotive sector and a further 30 per cent to the furniture and bedding business, was adopting. On balance analysts preferred to err on the cautious side not withstanding the high regard in which the management's judgement is held. Full-year pre-tax profits forecasts were nudged ahead to about £58m, leaving the shares, which closed up 4p at 172p on the day, on a prospective p/e of less than 9.5. This is not demanding for a company with a portfolio of European businesses that so rich in geographical and product spread that it might be the envy of any of its peers.

Trevor Humphries

Bob McGee: sales continuing growth trend

Impatience growing over Spurs' silence

By Andrew Hill

SHAREHOLDERS, advisers, the Football League, the Stock Exchange and the Takeover Panel are all likely to cry foul today if Tottenham Hotspur, the quoted company which owns the London football club, fails to clarify rumours that it has invited Mr Robert Maxwell to underwrite a £12m rights issue.

Spurs' share price rose 14 per cent yesterday – from 97p to 111p – after the story was splashed across newspaper sports pages following weekend reports of a deal.

But to the irritation of investors and advisers, Spurs, which has seen debts rise from £7.5m in the last year, remained silent. The group has a duty under Stock Exchange rules to reveal price-sensitive information to shareholders if it is necessary to "avoid the establishment of a false market in its [shares]".

Both the Takeover Panel and the Stock Exchange have been watching the situation. They refused to comment yesterday, but it is thought they may have put pressure on Spurs to clarify its position today.

Mr Maxwell was also unavailable to talk about his plans. The Daily Mirror, which he owns, said yesterday that Mr Irving Scholar, Spurs' club chairman, had approached the publisher with a plan for him to underwrite a rights issue.

If true, the deal would seem to contradict the spirit, if not the letter, of Mr Maxwell's comments two weeks ago, when he said he was preparing to sell his football club stakes.

At the time, he said football in Britain had been neglected for so long "it is difficult to see how it can be retrieved without massive expenditure".

In any case, if the publisher were to acquire more than 10 per cent of Spurs he would have to sell Derby County, the first division club he controls, and perhaps second division Oxford United, which is headed by his son Kevin, to meet Football League regulations on ownership. Mr Maxwell also has stakes in Manchester United and Reading.

An airship manufacturer flies towards a financial disaster

Paul Abrahams looks at Airship Industries (UK)

HISTORY has not been kind to lighter than air travel. Airship disasters range from the ill-fated German-built Hindenburg to the British R101 which fell from the skies over France in 1930 claiming 48 lives, including that of Lord Thomson, the British Air Minister.

The latest disaster – a financial one this time – unravelled yesterday, when administrative receivers were called in at Airship Industries (UK), the Bedfordshire-based manufacturer.

Airship (UK), which manufactures a range of different lighter-than-air craft, is a fully-owned subsidiary of Airship Industries, an Isle of Man company whose shares were suspended on the Australian Stock Exchange and the US Nasdaq exchange on August 16.

The main shareholder in Airship Industries is Bond Corporation Holdings, headed by Mr Alan Bond, the Australian businessman who is attempting to fend off financial collapse.

The Australian group has a 47.2 per cent stake in the Isle of Man company. Details of the other shareholders in Airship Industries were last night unavailable from the receivers, Cork Gully, the insolvency practice of Coopers & Lybrand Deloitte.

Airship Industries (UK), which recently sold and leased back the site of its factory at Cardington in Bedfordshire, also owes Bond Corporation Holdings about £35m. The company's debts total some £50m.

Alan Bond: attempting to fend off financial collapse

The main assets of the company are the intellectual property rights to the airship technology, said Mr Robin Addy, a partner at Cork Gully last night. It also has 10 airships in the Skyship 500 and 600 series under construction.

In addition, the company has a 50 per cent stake in a joint-venture with Westinghouse Electric, the US engineering and defence contractor. The joint-venture has a $169m (£90.35m) contract from the US Navy to design and build a 400ft airship, which the company claims will be the largest non-rigid airship ever made.

The contract, won in competition against Goodyear Aerospace, is for a prototype airship called the Sentinel 5000, which is designed to provide a platform for airbourne early warning avionics.

At one point the US Navy was thinking of ordering as many as 48 airships in a deal worth as much as $5bn. However, the project has looked more doubtful following recent cuts in defence spending in the US.

Airship Industries has also been pursuing a contract with the US Customs Service for 12 airships which would be used for coastal surveillance and pollution patrols.

Most of the airships have been used as advertising platforms, tourism, surveillance or as television platforms. Customers include the Tokyo Metropolitan Police, the organisers of the Seoul Olympics and Japan Airship Services which uses them for sight-seeing over Tokyo.

A wholly-owned American subsidiary of Airship Industries (UK) also operates an airship for Fuji, the Japanese film manufacturer.

Mr Robin Addy said that a number of possible purchasers for the business, which employs 200 people, had already contacted the receivers. The companies include organisations from the UK, US, and continental Europe.

He said it was difficult to say how long the negotiations for a purchase might take, since the receivers were still completing their initial assessment.

Aerospace and defence help Fairey to £7m

By David Owen

IMPROVED MARGINS in the aerospace and defence division, coupled with a thirteen-fold increase in net interest receivable have spurred Fairey Group, the diversified engineering company, to a 19 per cent advance in interim profits.

Taxable result for the six months to June 30 amounted to £7.2m (£6m) on turnover of £43.1m (£42.5m). At the operating level, the rise was restricted to 8 per cent.

Mr Derek Kingsbury, chairman and chief executive, said that Fairey remained well placed to "take advantage of business opportunities" in spite of more uncertain economic conditions.

The shares climbed 3p to 232p.

The group, which joined the stock market in November 1988 about two years after being subject to a management buy-out, said that it reached the half year with funds of £8.7m.

Interest receivable in the period totalled £744,000 (£56,000).

The company, which once manufactured the Swordfish aeroplane and was formerly owned by Pearson – publisher of the Financial Times – said that it was looking for an acquisition in either the electronics or filtration sectors.

Divisional performance was mixed. Electronics and electrical power, and aerospace and defence registered operating profit increases of 13 per cent and 33 per cent respectively.

The contribution of ceramics and specialised ceramics, by contrast, fell to £2.05m against £2.21m.

The group attributed progress at aerospace and defence to "cost reductions and rationalisation."

It last month announced its intention to close its Heston plant near London's Heathrow airport due to defence cuts, and to relocate its hydraulics division, which makes systems for the Tornado, Harrier and Hawk aircraft, to Bristol.

Earnings per share rose 17 per cent to 13.7p (11.7p). An interim dividend of 2.75p (2.4p) is declared.

● COMMENT

With its cash mountain and diversified product range, Fairey is well-positioned to withstand any further weakening of the leading industrialised economies, in spite of its defence exposure.

There is scant sign as yet that Red Lion Controls, its Pennsylvania-based digital indicator unit, has been affected by the US slowdown. And the group's exceptionally powerful market position in niche products such as Magnox reactor fuel elements and porcelain insulators should help it to maintain margins elsewhere. Assuming full-year profits of about £14.5m, the shares are fairly valued at just over 8 but are relatively low yielding. New investors should have faith in incumbent management's ability to spend its cash wisely.

Stakis buys Firkin pub chain

By David Owen

STAKIS, the hotels, casinos and healthcare homes group, has acquired the 20-strong chain of Firkin pubs from European Leisure for £9.7m cash.

The deal brings to more than £20m the sum raised from disposals by European Leisure since its takeover in May of Midsummer Leisure.

It represents Glasgow-based Stakis's first sortie into the public house sector in England. The company already has about 30 such outlets, the majority of which are located in the west of Scotland.

Mr Andros Stakis, group managing director, described the acquisition as "an important element" of the group's strategy. "Today's deal is a major step forward both in terms of acquiring a brand which is widely acclaimed, and in taking our pub business into England", he said.

The portfolio of outlets taken over includes the soon-to-be-opened Flea and Firkin on the premises of the former Grosvenor Picture Palace in Manchester. The company, which has borrowings of £145m-£150m, said that the Firkin concept might in future migrate north of the border, although in all probability on a "limited" basis.

In May, Stakis reported a lacklustre 7 per cent advance to £12.4m in pre-tax profits. It claims to be the second largest operator of casinos in the UK.

In the year to September 30, the chain of pubs made an operating profit of £1.2m and had net assets of £3.5m.

Since buying Midsummer, European Leisure has obtained £5m from the sale to Stretton Leisure of TMF Equipment and MGM Operations.

The two companies rent, maintain and operate amusement machines.

BOARD MEETINGS

TODAY

Interims- Asda Property, Beattie (James), Bodycote Intl, Bunzl, Delta, Edmond, Fisons, Hewitt (J), Home Counties Newspapers, Ocean Group, Page (Michael), Ross, TT, TVS Entertainment, Watmoughs.

Finals- Adacena, Flogas, Macro 4, Precious Metals Trust.

FUTURE DATES

Interims-	
ADT	Sep. 18.
Amersham Intl	Nov. 21
Arcolectric	Sep. 28
Arley	Sep. 17
Associated Fisheries	Sep. 19
Bank of Scotland	Oct. 3
Boustead	Sep. 20
Brent Walker	Sep. 27
Calor	Sep. 12
Cannon Street Invs	Sep. 18
Central Independent TV	Sep. 26
Clayform Properties	Sep. 27
Cluff Resources	Sep. 21
Cresta	Sep. 18
Davis (Godfrey)	Sep. 19
EW Fact	Sep. 27
Edinburgh Fund Managers	Sep. 24
English National Inv	Oct. 17
Ferrum	Sep. 18
Fitch RS	Sep. 17
Garton Engineering	Sep. 18
Havelock Europa	Oct. 8
Kingston Oil & Gas	Sep. 25
MEMEC	Sep. 17
Northern Foods	Nov. 27
Richards	Sep. 17
Rockware	Sep. 19
Sherwood Computer Servs	Sep. 17
Silentnight	Sep. 18
Sindall (William)	Sep. 20
Spandex	Sep. 13
Stag Furniture	Sep. 25
Steel Burrill Jones	Sep. 19
Thompson Clive Invs	Sep. 17
Finals-	
Automagic	Sep. 14
Barratt Developments	Sep. 19
Benchmark	Sep. 18
Colroy Homes	Oct. 1
Lucas Industries	Oct. 22
Murray Ventures	Oct. 4
New Central Wits	Oct. 11
SWP	Sep. 18
TR Far East Income Trust	Oct. 11
Westpool Inv Trust	Sep. 20

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Vita ....int	3.3	Nov 9	2.8*	-	5.87*
Candover Invs ....int	3	Oct 24	2	-	7
Capita § ....int	1.5†	Nov 12	0.8	-	2.5
Fairey ....int	2.75	Nov 15	2.4	-	7.4
Haynes Publishing ..fin	5.5☆	Nov 14	4.5	10	9.5*
Manders ....int	2	Nov 12	2	-	6.85
Molyneux Ests § ....fin	0.5	Nov 9	nil	0.5	nil
Morgan Crucible ....int	5.65†	Jan 2	5.3	-	12
P-E Intl ....int	2†	Nov 2	1.7	-	5.6
Rugby ....int	2.85	Nov 23	2.85	-	6.45
Singer/F'lander ....int	1	Nov 1	1	-	2.5
Sumit ....int	2	Nov 2	1.5	-	5.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option.T

UK COMPANY NEWS

Singer & Friedlander dips 11% to £9.5m midway

By David Lascelles, Banking Editor

SINGER & Friedlander, the merchant banking and property group, yesterday marked its first profits fall for ten years as tough business conditions took their toll.

Pre-tax profits for the six months to June 30 were £9.5m, down 11 per cent on last year's £10.7m. This was equivalent to earnings per share of 2.87p, down from 3.21p.

Most of the decline was accounted for by the banking side where earnings were down from £6.4m to £5m. Mr Tony Solomons, chairman, said the bank had had to make a provision against one substantial corporate bad debt. Generally "business is slack", he said, and this was affecting the level of lending and corporate finance activity.

Income from interest and investment activities was also down slightly, from £3.2m to £3.15m – a trend which the company expects to continue for the rest of the year. Singer has taken major stakes in a number of companies, including Takare, a nursing home concern, ACT, the computer manufacturer, and Ferrari, a computer maintenance firm.

The one improvement came on the property side where profits rose from £1.1m to £1.3m. Rent reviews have resulted in higher yields, and all properties but one are occupied.

Reflecting the uncertain outlook, the interim dividend is unchanged at 1p.

Trevor Humphries

Anthony Solomons (left), chairman, and John Hodson, chief executive, outside group headquarters yesterday.

● COMMENT

Even Singer's enviable earnings record was no match for the force of the downturn in the banking market. With both lending and advisory business in the doldrums, a fall in profits was no surprise.

The only irony is that it should have been the group's property side which produced an improved result, but the timing of recent rent reviews was fortunate.

The unchanged dividend contains a suitably cautious message after the double digit increases recently announced by the clearing banks, with the outlook almost entirely dependent on forces beyond Singer's control.

The shares dipped 1p to 47p on the news which suggested some disappointment in yesterday's bullish market.

But price performance will be overshadowed by the 10 per cent stake now sitting in the British & Commonwealth administrator's hands.

Finding the right way to skin a sheep profitably

Clay Harris looks at a rescue plan for the troubled Strong & Fisher leather trader

IN CORPORATE life, as well as in the slaughterhouse, there is more than one way to skin a sheep.

Both aspects are relevant to yesterday's proposed rescue package for Strong & Fisher, the leather tanning and trading group which processes sheepskins for the fashion industry.

If the loose ends are tied up and Strong & Fisher shareholders acquiesce in heavy dilution as the price of survival, a stronger company will emerge, with more than 75 per cent of the shares owned by Hillsdown Holdings, Britain's largest abattoir operator, and Strong & Fisher's 11 banks.

Rationalisation of the UK leather industry – which has been hobbled by over-capacity and wildly fluctuating skin prices – has been on the agenda for nearly a decade, but few observers expected the latest stage to happen quite this way.

Strong & Fisher had tried twice since 1986 to be the architect of the revolution, bidding first for Garnar Booth and then for its successor company, Pittard Garnar, now the only other listed survivor in the leather sector.

Both times, Strong & Fisher had to undergo a Monopolies and Mergers Commission inquiry. Both times, it was cleared to bid, although only by a split vote in the latest report in April 1989. Both times, Strong & Fisher decided not to follow through, although it ended up with a 27.4 per cent stake in Pittard Garnar after buying shares from Hillsdown.

As a result, Strong & Fisher was wounded twice, and almost mortally, by the latest collapse in skin prices. Not only did its own pre-tax profits fall from £7.8m to £1.17m in the year to June 1989, but similar woes at Pittard Garnar reduced the value of the share stake, which Strong & Fisher had used as security for its borrowings.

The company's debts were refinanced in February by an 11-bank syndicate co-ordinated by Hambros, the merchant bank which advises Strong & Fisher. It declined to name any of the other participating banks yesterday.

Strong & Fisher was close to the rocks when Hillsdown made its approach. Mr John Jackson, Hillsdown's deputy chairman, shied away from the description of "opportunism," but he admitted: "We are using the situation to our advantage by structuring a deal which makes sense from our point of view." Indeed, Hillsdown shares closed 7p higher yesterday at 258p.

Hillsdown never considered making a full bid for the debt-strapped group, whose market valuation had fallen to £3.74m yesterday compared with debts estimated at £50m.

Instead, by getting the banks to convert part of the debt into equity, Hillsdown will assume control of a company with less than 20 per cent gearing, with the scope for achieving considerable industrial advantages in combining the businesses.

If the deal goes ahead, Strong & Fisher will take over Hillsdown's hide market, its rendering business and its three fellmongeries – plants which remove the wool from sheep's skins and pickle the pelts as an intermediate stage in tanning.

Strong & Fisher also owns three fellmongeries. It and Hillsdown have each shut one recently, and more closures will follow if the deal proceeds, Mr Jackson said.

Neither he nor Mr Richard Strong, the target company's managing director, expects another Monopolies Commission referral. More than 90 per cent of Strong & Fisher's leather is exported and, they argue, overseas-based fellmongers provide sufficient competition to allay fears among suppliers.

However, Mr John Pittard, managing director of Pittard Garnar, said that it would reserve judgment on the deal until full details were published. "Some greater order in the structure of the industry will be desirable for all of us," he said.

But the stake in his company was an unresolved factor. Mr Jackson declined to say what Hillsdown's intentions were. The main point, he said, was to get Strong & Fisher's business in order. "Everything else is an irrelevance and a distraction."

Hillsdown also intends to use the deal to improve the profits it achieves on the "fifth quarter" – skins, bones and offal – of animals it slaughters. Mr Jackson admits: "We're just producing by-products. It is no secret our businesses in this area have not been having a brilliant year themselves."

One area for immediate improvement is the method used to skin sheep. Mr Strong says 40 per cent of the skins he buys from UK abattoirs cannot be used for highest grade products like its Hi-tech brand waterproof leather and washable suede.

The main problem is that most slaughterhouses, whose main motive is to reduce costs, now use mechanical skinners rather than have the skins more gently pulled off by hand.

Although Mr Strong will lose overall executive control at the company his father founded nearly 60 years ago, he will be advising Hillsdown on how to transform skins from a mere commodity by-product to one that will command a premium price.

THE ROAD TO CONSOLIDATION

October 1983: Hillsdown Holdings enters sector through purchase of FMC, Britain's largest slaughterhouse group; presence expanded with acquisitions in 1986.
November 1986: Hostile bid by Strong & Fisher for Garnar Booth referred to Monopolies Commission.
February 1987: Strong & Fisher says it will not renew bid.
April 1987: Pittard and Garnar Booth agree to merge. Hillsdown buys Strong & Fisher's stake in Garnar, giving it 17 per cent stake in Pittard Garnar.
August 1987: Strong & Fisher buys Vesteys' skin and tanning interests
September 1988: Strong & Fisher bids for Pittard Garnar
November 1988: Bid referred to Monopolies Commission.
April 1989: MMC decides either Strong & Fisher or Hillsdown can bid for Pittard Garnar. Strong announces it will not renew offer, but it buys Hillsdown's stake.
September 1990: Strong & Fisher rescued by banks and Hillsdown, which plans to swap its leather and rendering interests in return for majority stake.

NEWS DIGEST

Ramco sees Middle East benefits

THE NEXT two years should be excellent for Ramco Oil Services because of the Middle East crisis.

The company said that its main customers in politically stable areas were benefiting from the increase in oil prices and it was likely that would result in accelerated development activity.

In anticipation of the increased demand it is negotiating the purchase of a greenfield site for its Aberdeen operations.

In the six months to end-June pre-tax profits for the USM-quoted company increased 39 per cent to £645,000 (£463,000).

The figure included a first contribution of £73,000 (£102,000 loss) from 50 per cent owned Ramco Carlson and interest received of £12,000 (£77,000 charge) as a result of the elimination of borrowings.

Although an interim dividend of 1p was promised when 1989 results were announced the company said that the timing of Court confirmation of the elimination of the deficit on distributable reserves meant that this was impractical.

It is intended that there will be a single final payment for the year including the 1p.

Turnover amounted to £2.52m (£2.46m). After tax of £327,000 (£60,000) earnings per share emerged at 1.89p (2.39p).

Sumit net assets down to 234p

Net asset value per £1 share of Sumit was 234p as at June 30 1990. This compared with 245.5p six months earlier and 270p at the same stage of the previous year.

On a fully diluted basis these figures were 203p, 206p and 222p respectively.

At the interim stage the company, which is principally engaged in the provision of development and venture capital investment to unquoted companies, had more than £5m cash available for investment.

After tax of £97,000 (£85,000) for the six months to June 30, revenue improved from £218,000 to £244,000 giving earnings per share of 3.4p (3.3p).

The interim dividend is increased from 1.5p to 2p and directors expect to recommend a final of at least 3.8p – last year's final was 3.7p.

Strong recovery for Laser-Scan

Laser-Scan Holdings, the USM-quoted micrographics group, reported a pre-tax profit of £743,000 for the six months to June 30.

According to Mr Richard Wevill, chairman, the much improved performance – profits amounted to just £42,000 at the same stage of 1989 – reflected the removal of losses associated with the now-disposed of Engineering Graphics division.

Turnover totalled £4.2m against £4.06m from continuing businesses and £7.31m if discontinued activities were taken in. Earnings per share emerged at 0.2p (nil).

Compass points way ahead with disposal

Compass Group, the independent contract catering and healthcare company, has agreed to sell its security-guarding subsidiary for £7.6m cash.

The buyer is Security Express, part of the Mayne Nickless group. In the year to end-September 1989, the operation made taxable profits of £800,000. Net assets at that date amounted to £700,000.

Mr Gerry Robinson, Compass chief executive, said: "This disposal further signals our determination to grow our contract catering and our healthcare divisions, both organically and by taking sensible acquisition opportunities when they arise."

Organic growth as Capita rises 71%

Taxable profits for Capita Group, the USM-quoted supplier of management services to the public sector, increased 71 per cent from £560,000 to £956,000 in the first half of 1990 on turnover 2½ times higher at £9.17m, against £3.63m.

The company said that two thirds of the growth had been organic.

Mr Rod Aldridge, chairman, said that increasing emphasis was being placed on developing services which provided long-term recurring income. The margins were not as high as in the past but the income was more stable.

Earnings per share were 5.9p (4.4p) and the interim dividend is being increased to 1.5p (0.8p).

Manders hit by building downturn

Manders (Holdings), the Wolverhampton-based paint, ink and property group, yesterday announced a 9 per cent contraction in interim profits.

The outcome for the six months to end-June – £3.04m pre-tax against £3.34m last time – was struck after interest charges increased to £2.31m (£1.62m).

Mr Roy Amos, chairman, said that all markets in which the group operates had been adversely affected by high interest rates. "Demand in those areas connected with the building industry, such as decorative paints and tiles, has been particularly affected," he stated.

Operating profits showed an increase of 8 per cent to £5.35m (£4.97m) comprising £3.41m (£3.3m) from trading and £1.94m (£1.67m) from property. Turnover improved from £46.24m to £50.53m.

After tax at 28 per cent, earnings per share dipped to 6.5p (6.95p). The interim dividend is maintained at 2p.

P-E International ahead to £2.75m

A 13 per cent expansion in taxable profits – from £2.43m to £2.75m – was yesterday unveiled by P-E International in the six months to June 30.

The management, information technology and computer services consultancy achieved the upturn on fee income ahead 18 per cent to £32.38m (£27.44m). Profit margins, however, slipped slightly from 8.9 per cent to 8.5 per cent.

Mr Hugh Lang, chairman, said that business conditions over the period were good in West Germany, the Netherlands and the UK although there was some fall-off in enquiries from the south east in the second quarter.

The interim dividend is raised 0.3p to 2p, payable from earnings of 10.3p (9.4p) per 10 share.

Molyneux Estates net assets grow

Molyneux Estates, a USM-quoted commercial property investor, reported a deficit of £555,000 before tax for the year to June 23, against a £4,000 profit last year.

However, this was offset by £170,000 extraordinary item on property sales. With increased investments, its net asset value has risen from £10.87m to £14.31m, representing a rise from 60p to 79p per share.

The directors recommend a 0.5p dividend (nil).

During the year Molyneux increased its property portfolio, which included a 50 per cent share Dundee's Overgate centre, valued at £31m. The company has £10.49m in long-term loans at 12.56 per cent and £2.84m in short-term loans.

UK COMPANY NEWS

Development of higher value products behind 15% rise to £27m

Higher margins lift Morgan Crucible

By Andrew Jack

MARGIN INCREASES and international sales helped Morgan Crucible, the industrial materials and electronics group, boost pre-tax profits 15 per cent to £27m in the six months to July 1.

The shares closed up 9p at 230p after the announcement.

Turnover rose 12 per cent to £284m (£253.5m) and operating profits were up by 19 per cent to £35m (£29.5m).

Sir James Spooner, chairman, said that previous investments, the development of higher added value products and the strengthening of market positions raised operating margins significantly. All divisions improved their performance "despite the decline in world economies".

Turnover in the largest division, thermal ceramics, which makes crucibles, ceramic fibre, high temperature insulating brick and refractories, was up 16 per cent at £86.9m for operating profits of £10.8m (£9.6m).

Electronics, which makes components for the aerospace, telecommunications and defence industries, reported operating profits up 75 per cent at £1.4m in spite of only a slight increase in turnover to £19.6m (£19.4m).

Technical ceramics, the products of which are used in artificial hip joints and blood analysers, experienced operating profits up 40 per cent to £6.3m on a turnover of £51.9m (£41.3m).

Specialty chemicals, manufacturer of fluids, lubricants and coatings, had a turnover of £69.5m (£65.7m) and operating profits rose 9 per cent to £7.2m.

Electrical carbon products reported operating profits up 16 per cent to £9.3m on a turnover of £56.1m (£52.1m).

International sales represented 81 per cent of the total, a figure which should increase to 85 per cent by the end of the year, according to Mr Bruce Farmer, managing director.

The company was looking to expand further in eastern Europe and the Far East. It has signed a protocol agreement to obtain a 60 per stake in a crucible factory in Leningrad and has a joint venture refractory plant in Dalian, China, due to open by the end of the year.

There were no new acquisitions during the period, but reorganisation costs of £300,000 covered redundancies in three businesses purchased last year.

Pre-tax currency translation losses were £1m.

Earnings per share rose to 12.6p (12.2p) in spite of dilution from a £79m two-for-nine rights issue in June. The interim dividend is 5.65p (5.3p).

● COMMENT

Diversification has served Morgan Crucible well. With four fifths of its sales overseas, and rising, the effect of further UK recession will be minimal. Overseas, the Australian operations have even managed to sell ceramics to the Japanese motor industry. The product range, including both defence and commercial applications, is also wide. Gearing is under control at about 50 per cent. Some say the shares have underperformed, possibly because investors are getting tired of so much new paper to fund acquisitions. Analysts are naturally concerned that the Gulf effect, a worsening Australian economy and poorer trade prospects in eastern Europe will cut heavily into margins with increasing competition. Projections of full-year profits go as high as £70m, but more conservative estimates put them at £64m for earnings per share of 26.5p, giving a p/e ratio of 8.7.

Trevor Humphries

Bruce Farmer, left, and Graham Swetman, finance director

Candover gains sharply to £2m

By Charles Batchelor

CANDOVER Investments, an investment trust specialising in management buy-outs, yesterday shrugged off the downturn affecting the buy-out field with the announcement of sharply higher results in the six months ended June 30.

Candover had avoided making any significant investments in the retail sector buy-outs which have run into difficulties and expects investment opportunities to increase over the next two years as high interest rates force companies to dispose of poorly-performing or non-essential activities.

Pre-tax profits more than doubled from £924,000 to £2.07m in the first half of 1990, while earnings per share rose from 2.87p in the first half of last year to 6.37p. The company will pay an interim dividend of 3p compared with 2p last time.

Net assets at June 30 increased to £51.6m from £49.7m at December 31 1989 and from £42.9m at June 30 1989. Net assets per share rose to 232p at June 30 from 224p at December 31.

The improvement in net assets per share was 20 per cent on a year ago and and 4 per cent over the past six months. These compare with a 6 per cent rise in the Financial Times All Share Index over the year and a 3 per cent fall over the six month period.

Candover expects to report satisfactory growth in profits for the full year with the result in the two halves of the year likely to be broadly similar, said Mr Peter Wreford, chairman.

Buy-out and other development capital deals are more reasonably priced than in the recent past but the immediate impact of making new investments will be to reduce Candover's yield on assets because the initial yield on new investments is likely to be materially lower than short-term money market yields.

The rate of net asset growth is also likely to be less than last year because there will be fewer realisations (sales or flotations of investing companies) given current market conditions.

Sustained US expansion helps Haynes growth

SUSTAINED expansion in the US helped Haynes Publishing Group to record, narrowly, its fifth year of growth. Pre-tax profits rose from £3.07m to £3.1m.

The company – which publishes books and manuals, mainly for cars and motor-cycles – raised turnover from £15.57m to £16.6m for the 12 months to May 31, including a near-17 per cent increase to £5.48m in US sales.

Interest payable rose significantly to £216,000 (£13,000) as capital expansion in the UK and stock increase in the US increased borrowings to £1.77m (£114,000).

Mr John Haynes, chairman, said: "Our strategy has been to limit our exposure to difficult conditions in the UK by growth in the US."

After more than 15 years of trading in the US, Haynes will now sell more books in the US than in the UK, he added.

Haynes has also acquired Regency Reprographics to be able to print more colour pages, and expanded the Sparkford production facilities with five new colour printing presses.

Trading profit in the UK was £2.09m (£2.18m) and in the US £1.15m (£812,000).

A final dividend of 4.5p is proposed making a total of 10p (9.5p). Earnings worked through at 19.3p (19p) per share.

Notice to Holders of

5-¾% Convertible Subordinated Debentures Due 2001

of

INTERNATIONAL LEASE FINANCE CORPORATION

NOTICE IS HEREBY GIVEN, pursuant to the terms of the Indenture dated as of May 15, 1986 (the "Indenture") relating to the 5-¾% Convertible Subordinated Debentures Due 2001 ("Debentures") of International Lease Finance Corporation, a California corporation ("ILFC"), that pursuant to the terms of an Agreement and Plan of Merger dated as of June 25, 1990 (the "Merger Agreement") among ILFC, American International Group, Inc., a Delaware corporation ("AIG"), and KH Acquisition Corporation, a California corporation and wholly-owned subsidiary of AIG ("Successor"), ILFC was merged with and into Successor on August 31, 1990 (the "Effective Time") with Successor being the surviving corporation. Immediately after the Effective Time, Successor was renamed "International Lease Finance Corporation." Under the Merger Agreement, each share of Common Stock of ILFC issued and outstandng immediately prior to the Effective Time (other than shares as to which the holder elected to receive shares of Common Stock of AIG as allowed by the Merger Agreement and other than shares held by AIG) has been converted into the right to receive an amount in cash equal to $32.50, without interest (the "Cash Merger Consideration"). Pursuant to Sections 701 and 801 of the Indenture, Successor entered into a supplemental indenture to the Indenture which provides that holders of Debentures outstanding after the Effective Time shall thereafter have the right during the period such Debentures shall be convertible to convert such Debentures into the right to receive, without interest, an amount in cash equal to $1,392.95 for each $1,000.00 principal amount of Debentures converted. This amount is equal to the Cash Merger Consideration multiplied by the number of shares of Common Stock of ILFC the holders of such Debentures would have been entitled to receive had such holders converted such Debentures into shares of Common Stock of ILFC immediately prior to the Effective Time. The Debentures are no longer convertible into shares of Common Stock of ILFC.

Holders of Debentures are not required to exercise the conversion privilege at this time.

INTERNATIONAL LEASE FINANCE CORPORATION

Dated: August 31, 1990

MANAGEMENT: The Growing Business

Management information

How to gain control of your numbers

By Charles Batchelor

For A-P Springs, a small Birmingham manufacturer, the problem was how to manage millions of springs and the thousands of orders, invoices and other paperwork that went with them. For The Garden Studio, a London-based illustrators' agency, the challenge was how to get the best exposure for the work of the 40 or so artists on its books.

For both companies – and for many more small businesses with ambitions to grow – a key issue is how to handle the stream of financial, production and market information which their expanding activities generate.

A-P Springs, a 60-year-old company with sales of £1.8m, has for a long time produced management information using a manual system of hand-written ledgers, cash books and cards which accompany orders through the works but it is now computerising the whole process. Garden Studio's three staff had been able to remember much of the information they needed until the company recently decided it was time to install a computer.

But many small business owners rely on "gut feel" to tell how their company is doing until the annual audit provides a belated overview of their performance. Businesses with a turnover of several million pounds frequently lack any formal system for collecting information and are therefore unable to draw up budgets or make accurate forecasts. "You would be surprised how big some companies get without monitoring the flows of information," says Wilson Jennings of accountants Coopers & Lybrand Deloitte.

Many small businesses get along in their early stages without sophisticated information systems, he notes. But as they grow larger inadequate controls can spell disaster.

With more large companies insisting on just-in-time deliveries from their smaller suppliers, stock control is crucial yet is frequently an area where small firms are weak. "They appear to have full shelves but it is not the right stuff and they can't supply what their customer wants," says Sue Patterson, a manager in Coopers' Birmingham office.

Even when the business owner is aware of the need to collect data his figures may be inaccurate. When John Davies Framing, a Fakenham, Norfolk-based picture-framing business, attempted several years ago to reconcile its turnover figure with the numbers produced by its accountants there was a £40,000 discrepancy on the then turnover of around £500,000.

Deciding just which items could be regarded as sales – for example, how should frames which had been invoiced but which had not been accepted by the customer be accounted for? – led to the difference, explains John Davies, the founder and a former teacher. If the audit leads to a lot of adjustments being made to the accounts then the business's own accounting systems are not working properly, says Jennings.

Some businesspeople draw up quite detailed information on the progress of their business because the bank manager insists on a business plan and a regular look at their accounts but they then fail to put the numbers to use. "If people cannot explain why their actual results differ from the budgeted figures this is a sign that they are paying only lip-service to the plan," comments Jennings.

This approach misses the whole point of management information. Timely and accurate information allows the businessperson to take the best decision on how to allocate the scarce resources – money, people, expertise – available to the business.

The reasons why many small firms are bad at collecting and using financial information in particular are that management teams often lack someone with a financial background. As long as orders keep coming in and the business remains busy managers see no reason for putting financial controls in place.

In addition, managers frequently do not know what information they need. "People are often reluctant to prepare cash flow forecasts," says Wilson Jennings. "They say there are too many imponderables for a forecast to be made."

There is, however, a growing awareness of the value of management information systems among small firms. The Financial and Information Systems option has accounted for 11.2 per cent of the 58,000 applications for help under the Department of Trade and Industry's Enterprise Initiative while the Business Planning Initiative, which involves related skills, accounted for 16.5 per cent. The quality control systems which more companies are adopting also require businesses to collect and monitor increased amounts of information.

Many businesses operate quite satisfactory manual systems for many years but almost inevitably, as the scale of operations grows and the need for information becomes more complex, they need to computerise. A-P Springs was well satisfied with its system of manual controls until the volume of transactions it had to handle grew too large.

"You need information more regularly," says Shane Dodd, finance director. "You can't wait until the end of the month and hope that all goes well in the meantime. You only have time to write out a certain number of reports if you are using a manual system and at busy times they just don't get written. Now, producing a sales ledger means pushing a couple of buttons."

Far from jettisoning its old manual control system A-P Springs is attempting to replicate it on computer. Advised by Coopers, the company compiled a 200-page book detailing the way the previous system worked. It invited half a dozen computer companies to design a system to produce the same information and commissioned one to carry out the work.

The first stage of the system, to handle sales ledgers and other basic accounting information, is now running in parallel with the manual system. Stock control will be added in stage two to be followed by a costing system and finally an order processing system.

Shane Dodd: producing a sales ledger by pushing buttons

A-P Springs has been preparing for computerisation over a three-year period and expects the system will not be completely installed for another 18 months. Dodd estimates the cost, excluding management time involved, at £50,000.

Before computerisation, companies often complain they lack the time to produce the information they need. With a computer the problem is one of reducing the amount of information to the minimum required for good decision-making. A-P Springs has insisted on its new computers only producing the data it really needs.

Speed was also the main reason for the decision by British Production (Sales), an Ashford, Kent-based manufacturer of furniture and other wooden goods, to computerise its management information systems. A semi-automatic system of using magnetic cards to trace the progress of an order was proving too slow and replacement parts for the equipment were becoming hard to find, says Malcolm Ruthven, managing director.

On an order for 1,000 chairs, it was important to know that all of the dozen different components would be available in the right quantity when the chairs came for final asembly, explains Ruthven. If, for example, the timber being used to make the front rails was faulty the company might find itself with only 800 rails at the end of the process and have to set up its tooling again to make the missing 200.

With 80 machines on the shop floor working on jobs for between 20 and 50 customers it would be easy to overlook a short-fall on any one order. "You need to know that information straight away in order to put matters right," says Ruthven, who found consultants through the Enterprise Initiative. "We used to have to wait 48 hours for our production figures."

Even if a company has managed for a long time on limited management information, a more efficient system can frequently prove the key to further expansion. The Garden Studio wants to find more business for its illustrators in international markets. John Davies is planning to expand into new areas of frame manufacture which will lead to a doubling of his existing workforce of 23 and an increase in his £1.2m turnover but to do so he needs better controls.

In the meantime, though, better management information has produced an unforeseen benefit. Davies' bank manager is far happier dealing with a business which can produce accurate projections of where profits and cash flows should be in a few weeks' or even a few months' time.

Useful reading: Management Information Systems and Statistics. R and F Bee, 250 pages, £10.95, Institute of Personnel Management. Managing Company Growth, Coopers & Lybrand Deloitte, 172 pages, £29.95, Butterworths. The Barclays Guide to Financial Management for the Small Business, Peter Wilson, £5.95, Basil Blackwell.

A vital, but imperfect, role

Charles Batchelor on accountants' missed opportunities

Accountants play a vital role in advising small and medium-sized businesses in Britain, and have more frequent contacts with them than do either bankers or solicitors, according to a new survey.*

But smaller accountancy firms also do not properly market themselves to smaller customers; they are not always aware of the small firms advice organisations which might also be able to help their clients; and they differ radically with their clients over the sort of service which they believe clients will require in future.

New businesses represent 41 per cent of all new clients acquired by the accountants polled so it is essential that practices improve their service to them, the survey suggests. Of the clients interviewed, 74 per cent met their accountants at least quarterly compared with 50 per cent who met their bankers and 37 per cent their solicitors.

While it is often assumed that small practices will benefit from their ability to provide a personal service to small firms clients rated "quality of advice" above stable relationships.

Social contacts were worth cultivating, however, and where they existed clients rated their accountants services more highly in terms of value for money.

A wide range of services and the ability actively to generate ideas were rated the least important attributes of accountants' services.

Accountants might also do more to plug into the small firms advice network, the survey says. The accountancy profession appears to be unaware of the level of support on offer while small and medium-sized practices had a "negligible" participation in the Enterprise Initiative, which provides subsidised consultancy to small firms.

By failing to signpost clients to other sources of help, accountants run the risk of alienating some fast-growng businesses by being perceived as a barrier rather than as a help to growth. The advice agencies may also help start-up and smaller firms become more financially rewarding for the accountant in the long run.

There was a considerable contrast between what clients said they wanted from their accountants and what the accountants thought they would want.

Accountants believe that computers and systems advice are likely to the major source of new work followed by management accounting, raising finance and planning and forecasting.

Clients' perceptions were completely different with non-routine tax planning and audit/accounts the only two categories where more than 10 per cent of clients expected demand to grow. Forty five per cent of clients saw no change or did not respond to the question.

The average fee paid by small businesses to their accountants was equivalent to 1.5 per cent of turnover (73 per cent of the clients of small accountancy practices had turnover of less than £100,000) and there is little evidence of accountants operating in an uncompetitive manner, the survey says.

While there is no evidence that abolishing the statutory audit would have any impact on accountancy costs – since companies need to have their accounts prepared anyway – VAT and PAYE each cost small firms the equivalent of 1 per cent of sales with no benefit in terms of information. Any government which claims to back the enterprise culture should take radical action to reduce this burden, the survey urges.

* *The Role of the Accountancy Profession in the Growth and Development of Small Businesses by F Chittenden, J McConnel and C Risner. 110 pages, £9.95. Available from Chartered Association of Certified Accountants, 1 Woodside Place, Glasgow G3 7QF.*

Downturn in venture capital

The number of venture capital companies may decrease over the next few years as medium-sized funds with no particular area of specialisation are squeezed by the larger funds and the smaller niche players, according to a review of the industry by Newchurch, a consultancy.

Venture capital companies which form part of larger financial groups will be able to rely on a flow of money and, more important, of deal referrals from their parent companies, but medium-sized companies may find it increasingly difficult to raise new funds.

Overall the number of venture capital deals and the amounts invested are expected to increase only slightly this year after several years of rapid expansion. Returns on venture capital investments are poor; there are fewer opportunities for the sale or flotation of investee companies; while the end of the management buy-out boom has also hit the industry.

Of the 50 venture capitalists interviewed for the survey, 42 per cent expected to complete more deals; 37 per cent expected fewer deals; and 21 per cent expected no change on 1989.

There appears to be little sign of the increase in early-stage investments predicted by some venture capitalists in the past year or so. While many companies claim to provide start-up and early-stage funding, in practice they are not seeking this type of investment, the report says.

Many of those interviewed said they were "assiduously avoiding start-ups" in the current economic climate. One third said they were concentrating on development finance while many expected to do more "rescue financings" over the next few years.

Twelve per cent of those interviewed were concentrating on providing second-round financing for existing clients as a way of protecting these investments. Business Expansion Scheme funding, with the exception of companies providing properties under assured tenancy schemes, had all but disappeared, according to one BES fund manager.

**The British Venture Capital Industry 1990 – The Strategic Issues. Newchurch & Co, Tel 071 833 8899.*

Charles Batchelor

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For further information, please contact the Joint Administrative Receivers, W S Martin FCA and J Warren FCA, Ernst & Young, Lowry House, 17 Marble Street, Manchester M2 3AW. Tel: 061-953 9000. Fax: 061-834 7117.

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For further details please contact the Joint Administrative Receivers:

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Accordingly, *no dividend* has been declared at this time.

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63 Fox Street
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Johannesburg
10 September 1990

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Looking back to when cocoa was king

A peaceful transition to democracy is crucial to the Ivory Coast, writes Julian Ozanne

AFTER three disastrous years of tumbling cocoa prices which have rocked the international market and decimated its economy, the Ivory Coast, the world's largest supplier of cocoa, is struggling to reckon with the legacy of years of mismanagement and ill-conceived international gambits.

After squandering the vast profits made during the time when cocoa was king, the country is now faced with huge arrears owed by the state marketing board, the Caisse de Stabilisation, (Caistab) to cocoa exporters; an acute liquidity squeeze in the banking system; indications that the farmers can no longer produce at current levels, and a growing sense of political instability in the country.

Questions are now being raised about the entire structure and management of the industry. Estimates of the Ivory Coast's 1989/90 crop have now been finalised at around 720,000 tonnes.

The decline of 15 per cent on last year's crop of 820,000 tonnes is due to a less thorough harvesting of trees and the reduction in the application of chemical inputs as a result of low producer prices.

Since the Government cut the producer price guaranteed to farmers from CFA400 ($1.50) to CFA200 per kilogramme last year to reduce the Caistab deficit, Ivorian cocoa farmers have complained that the price is not high enough.

And many farmers say that thousands of IOUs issued by buyers for beans delivered have not been honoured, or are paid at less than half of the guaranteed price.

The Government is now encouraging growers' co-operatives and large farmers to sell their beans direct to exporters. Officials hope as much as 40 per cent of the total 1990/91 crop will be sold directly, although it is questionable whether the co-operatives will get access to sufficient credit to pay the transportation costs.

The squeeze on cocoa farmers over the last 12 months is expected to pose a serious threat to next year's crop, which some pundits in the Ivory Coast are predicting will be as low as 670,000 tonnes.

Drier than normal weather this year has also raised doubts about the pod survival rate and the size of next year's crop. It is already clear that the 1990/91 crop will be late, with the harvest not reaching its peak until February.

Weather conditions over the next few weeks will be critical, but whatever the size of the crop there are deep concerns about financing getting to its market. Private banks in Abidjan say they will not go into crop financing this year unless some plan is announced by the Government for the repayment of the estimated 200-250bn CFA francs (about half the Government's domestic debt) owed by Caistab to the cocoa exporters. A large injection of money into the banking sector is anxiously awaited before the 1990/91 season begins next month.

A drive to boost the International Cocoa Organisation's credibility by cocoa promotion and research could be financed by selling cocoa from its stockpile, according to Mr Peter Baron, ICCO Council chairman. The ICCO buffer stock contains some 246,000 tonnes accumulated in a vain bid to support weak world prices. This idea, aired at a full council gathering yesterday, will be examined by producers and consumers as the ICCO's annual meeting continues in London this week. "The ICCO has lost so much credibility which it should try to regain by transforming decisions into reality," Mr Baron said yesterday.

At a meeting held between exporters, bankers, Government officials and the Caistab last month it was reported that FFR600m ($113m) would be available for crop purchases within a few weeks. There have also been promises of continued disbursement from the current international monetary fund standby agreement worth $146.5m over 18 months and from the World Bank ongoing sectoral adjustment loans worth approximately $245m. The Government's adjustment programme, introduced in April, appears to be on track to allow disbursement from the multilateral agencies to ease the liquidity squeeze. But several bankers said in Abidjan last week that no money had come into the system yet.

There are also indications that the Caistab has sold forward as much as 400,000-450,000 tonnes of the 1990/91 crop, excluding allocations for the local processing industry.

This marks a break with the marketing strategy of recent years when the Government made large block deals with the biggest buyers, notably France's Sucres et Denrées and the US trade company Philipp Brothers (Phibro). Those deals were marked by vitriolic infighting, and there was some indication that they had a negative impact on the market. Phibro, which undertook a $180m pre-financing deal for 280,000 tonnes of cocoa, lost heavily after the Ivory Coast failed to deliver. In the second quarter, it lost $62m, and last week the coffee, rice and sugar trading sections of the soft commodities department were closed down, although it will continue to trade in cocoa. Sales already negotiated at a slight profit margin should, however, ease the pressure on the banking system. But two problems will haunt the cocoa industry this year.

The first is the future role of Caistab. Pressure is being exerted from international donors to break the state monopoly on cocoa. The Government has so far resisted privatisation and is said to be working on a restructuring proposal.

The second problem is the lingering atmosphere of political instability in the country. Strikes and demonstrations this year by students, doctors and bank workers, and a growing political opposition to the 30 year rule of President Felix Houphouet Boigny have undercut the image of stability enjoyed by the Ivory Coast since independence and have sent jitters into the international cocoa market. Speculation is already rife that the ailing octogenarian president may stand down at the congress of the ruling party, due later this month.

Multi-party presidential, parliamentary and municipal elections are due to begin in October, but the opposition is threatening to make the country ungovernable through a campaign of civil disobedience unless they get a guaranteed mechanism for free and impartial elections.

The spectre of a general strike has already been raised by the opposition. Further trouble has already been predicted for tomorrow when the students return to campus.

A peaceful political transition to democracy will be crucial to Ivorian cocoa fortunes. But that may not prove as easy as starting on the long process of economic reform which businessmen and bankers agree has already been undertaken.

Sherlocks crack the mystery of poisoned grapes

CHILEAN exporters believe they have finally solved the mystery of the two lone grapes which were found to contain cyanide by US health officials last year.

The perpetrators have turned out not to be terrorists or the US fruit industry, as some suspected.

The villain, instead, could be the US Food and Drug Administration, which, according to a report, "accidentally or intentionally" contaminated the grapes and caused $330m of damage.

The findings, which are contained in a report issued by the Chilean Exporters' Association, are the result of eight scientific investigations conducted at US Chilean research facilities after the March 1989 ban of Chilean fruit sales in the United States.

According to the exporters, research conducted at the University of California concluded that, given the characteristics of cyanide, if two grapes were contaminated, others in the same case examined should have also contained the substance.

However, the FDA was unable to detect even trace amounts of cyanide after analysing every other grape in the bunch.

Researchers at the university concluded that the cyanide was introduced after the grapes were separated and taken to the FDA laboratory for analysis.

The scientific Sherlocks say that the level of cyanide detected by the FDA was too high to be consistent with contamination of the fruit in Chile.

Cyanide dissipates rapidly after injection with little remaining after only a few hours. The poisoned grapes in question were in a cargo which took two weeks to arrive in Philadelphia.

The researchers attempted to inject sufficiently large doses of cyanide into the grapes to produce the levels found by FDA. This resulted in "complete disfiguration" of the fruit, unlike the pictures taken of the two grapes that were poisoned.

The report has been submitted to a special investigative committee of the Camara de Diputados, the Chilean House of Representatives.

The FDA is vigorously denying the report's conclusion, but it still may face a flood of lawsuits from growers and exporters.

Another study, by the US General Accounting Office, is expected to absolve the agency of blame.

Talks on Peru's mining strike fail

By Sally Bowen in Lima

TALKS to resolve the 25-day-old strike at Minero Peru, Peru's state mining and refining company, broke down at the weekend with no immediate solution in sight.

Unions are now calling for intervention by the Minister of Labour and a meeting is expected today.

However, copper prices on the London Metal Exchange lost some of their early gains yesterday after Mr Fernando Sanchez Albavera, the Peruvian Minister for Energy and Mines, said in Paris that he expected the strike to end this week. Mr Sanchez, who is in Paris for a meeting of the Intergovernmental Council of Copper Exporting Countries, said that Minero workers were very tired of the long strike and that the union representing them was losing power.

Cash copper on the LME closed at £1,732.50 a tonne, up £102.50 on Friday's close. On New York's Comex prices were also down by midsession.

The strike began on August 17 afer the newly appointed Minero Peru board refused to honour a generous pay settlement authorised by the previous board only two days before President Fujimori's Government took over on July 28.

A revised offer made to top workers was some 75 per cent lower.

About 3,000 of Minero Peru's 3,500 workers are observing the stoppage. The company's refinery at the souther port of Ilo, which has a tolling agreement to produce copper cathodes from Southern Peru Copper Corporation's copper blister, is paralysed, as is the Cajamarquilla zinc refinery in the province of Lima.

Minero Peru's other principal installations, the Cerro Verde copper mine and refinery and their San Antonio de Poto gold dredging operation, are also idle.

Union leaders, backed by left-wing parties in the Peruvian Congress, are demanding that employers honour the terms of the 26 July agreement.

Peruvians faced inflation rates of 63 per cent in July and 397 per cent in August.

The strike forced Minero Peru to declare force majeure on 60 per cent of its zinc tolling contracts, with retroactive effect from August 26. American-owned SPCC, producer of around two-thirds of Peru's copper, has also had to declare force majeure "until further notice" on all deliveries of copper cathodes.

World sugar surplus predicted

By David Blackwell

WORLD SUGAR production will rise by nearly 2.5m tonnes in 1990/91, leading to a surplus of production over consumption next season of 1.4m tonnes, according to E.D.&F.Man, the London broker. This compares with a revised estimate of a surplus 375,000 tonnes for the current season.

In its first estimate for next season, Man puts production at 110.54m tonnes, compared with a revised estimate of 108.05m tonnes for 1989/90. The rise is attributed to a projected increase of more than 750,000 tonnes from the EC sugar beet crop and another record crop in India, which is expected to rise by 570,000 tonnes to almost 12.5m tonnes.

Consumption for 1990/91 is expected to reach 109.15m tonnes, compared with 107.68m tonnes this season.

Man blames the flagging performance of the world sugar markets recently on the uncertainty surrounding new crop prospects and the potential impact of the conflict in the Middle East. These factors are highlighted by the case of Brazil where "the combination of the legacy of last season's alcohol shortages and escalating political pressures and industrial disputes have confused its sugar and alcohol production potential."

The demise of the IAA has left the country without a comprehensive crop reporting system, and the impact of President Collor's economic plan has made the demand for sugar and alcohol uncertain.

"The latter difficulty has been compounded by the crisis in the Middle East, with the rise in world oil prices bringing back into vogue the original reasoning for the alcohol programme which had stimulated the alcohol plan some two decades ago," Man says.

Man is predicting Brazilian output next season at 7.5m tonnes, slightly higher than the official estimate, with alcohol production at 11.2bn litres. Brazil has set its export quota at 590,000 tonnes.

On the consumption side, Man points out that steady growth could be punctured by "the potential depressing influence of the decentralisation of East Europe, which has ended sugar price subsidies." The absence of Iraq and Kuwait and other Middle East countries affected by international trade sanctions is also reducing consumption potential, Man warns.

However, consumption in Africa and Asia is expected to increase by 3 per cent and 3.8 per cent respectively.

● The price for robusta coffee should rise over the next few months as new exportable production falls well short of roaster usage, according to Man's latest coffee report.

Peak selling from Indonesia and Brazil, the two largest producers, is over and shipments from the new crops in West Africa will not start until December. "Given that roasters generally are not believed to have taken significant outright price cover against their future robusta requirements, the potential for higher London terminal market prices clearly exists," says Man.

Arabica prices, however, should stabilise or decline slightly on the retreat of the main factors of the recent rally – speculative and fund buying in New York and an increase in roasters' price cover.

Call for enforcement of fishing regulations

By Bernard Simon in Toronto

MORE EFFECTIVE enforcement measures are needed in international waters if fish stocks are to be adequately conserved and managed, a group of international scientists and legal advisers meeting in Canada said.

The experts, from 15 countries as well as the United Nations and the Food and Agriculture Organisation, made several proposals at the end of a three-day conference last week in St John's, Newfoundland, designed to strengthen enforcement of the UN Convention on the Law of the Sea.

Closer co-operation was urged to establish regional organisations to regulate fishing on the high seas and to settle disputes. Most participants also agreed that, when fish stocks straddle international waters and a coastal country's 200-mile zone, the coastal state's conservation and management measures should also apply to the high seas portion of the stocks.

Mr Alan Beesley, Canada's ambassador for marine conservation, said after the conference that "there's a widespread feeling that the Convention can unravel if it's not effectively implemented."

Representatives of the European Community, which is in dispute with Canada over management of fish resources in the north-west Atlantic, were conspicuous by their absence at St John's. But the EC's views will be clarified at the annual meeting of the Northwest Atlantic Fisheries Organisation (Nafo), which began in Nova Scotia yesterday.

Discussions in Halifax will centre on Canada's demand that the EC cut back its quota for catches of cod and redfish off the Grand Banks of Newfoundland. The stocks, which straddle international waters and Canada's 200-mile fishing zone, are seriously depleted.

Nafo scientists have suggested that next year's ceiling should be well below the EC's 1990 quota of 60,000 tonnes. A senior Canadian official expressed optimism that a confrontation could be avoided.

Potential seen for UK expansion of linseed

By David Blackwell

THE UK has the potential for a massive expansion in linseed production, according to Dalgety, the UK agricultural and food group.

The area under linseed doubled this year to almost 40,000 hectares, but with the opportunity to export to other EC countries the area could be expanded to 200,000 hectares, according to Mr Tony Bird, general manager of Dalgety Oilseeds.

Linseed oil is used in the production of paint, putty, varnish and linoleum. The EC is still only about 15 per cent self-sufficient in linseed and has to import over 1m tonnes a year, mainly from Canada and the Argentine.

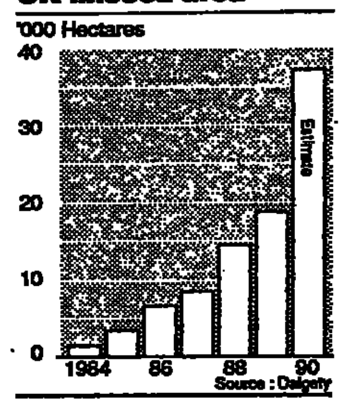
The UK climate is eminently suitable for growing linseed, and the country is by far the biggest producer in the EC.

"The market and agronomic benefits of linseed continue to attract new growers to the crop, which continues to result in significant area increases," says Mr Bird.

"Whilst new growers account for the majority of the increase, the total crop area is expanding at a faster rate, resulting in an increase in the average crop size to 16.8 hectares. The crop also continues to spread from its base in the Eastern counties further north and west, demonstrating increasing confidence by farmers in the crop."

Average yields for the last two years have been just over two tonnes a hectare. While dry conditions have suited the crop, moisture retentive soils have yielded an average of 2.5 tonnes a hectare. Early estimates indicate a crop this year of 78,200 tonnes, according to Mr Bird.

UK linseed area



WORLD COMMODITIES PRICES

MARKET REPORT

Aluminium prices stabilised above the $2,000 a tonne level on the LME yesterday afternoon. Traders said there were no new factors and the rise reflected expectations that physical supply tightness in the fourth quarter could be aggravated by traders having to hold back metal to cover potential commitments in the options market.

Nickel prices again moved firmly ahead, although closing off the day's highs. Dealers said the market continued to derive support from the low level of LME warehouse stocks and some routine covering ahead of today's figures provided support yesterday afternoon. Gold drifted lower on the London bullion market yesterday. By midsession gold futures on Comex were off sharply. It was "not a friendly environment for the precious metal market," said one US analyst, noting the successful US-Soviet summit on the Gulf crisis and the resulting drop in oil prices. Platinum was again in retreat in London following a sharp fall in Nymex futures linked to overnight selling in Japan. London robusta coffee prices closed well down, mainly on technical factors, although November held above the critical £600 a tonne level.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$25.60-5.80w	-1.15
Brent Blend	$29.20-0.30w	-1.00
W.T.I. (1 pm est)	$29.00-9.03w	-1.38
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$412-417	-5
Gas Oil	$253-254	-12.5
Heavy Fuel Oil	$108-110	-3.5
Naphtha	$293-298	-7
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$385.25	-1.75
Silver (per troy oz)♣	479c	-1.00
Platinum (per troy oz)	$471.25	-5.75
Palladium (per troy oz)	$106.25	-0.50
Aluminium (free market)	$2065	+70
Copper (US Producer)	137c	+3.00
Lead (US Producer)	50.6c	+0.60
Nickel (free market)	510c	
Tin (Kuala Lumpur market)	15.09r	-0.13
Tin (New York)	271c	
Zinc (US Prime Western)	81.25c	+0.25
Cattle (live weight)†	103.82p	-0.92*
Sheep (dead weight)†	143.53p	+0.05*
Pigs (live weight)†	79.40p	+1.10*
London daily sugar (raw)	$282.0q	-3.4
London daily sugar (white)	$326q	-2.0
Tate and Lyle export price	£280.5	
Barley (English feed)	£114.50	+0.75
Maize (US No. 3 yellow)	£149w	
Wheat (US Dark Northern)	£84.2q	
Rubber (Oct)♥	52.75p	+0.75
Rubber (Nov)♥	53.00p	+0.75
Rubber (KL RSS No 1 Oct)	242.0m	-0.50
Coconut oil (Philippines)§	$297.5v	+2.5
Palm Oil (Malaysian)§	$285.0w	+2.5
Copra (Philippines)§	$207.5y	
Soyabeans (US)	£154	+3.0
Cotton "A" index	81.40c	+0.1
Wooltops (64s Super)	435p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	**Close**	**Previous**	**High/Low**
Oct	260.40	254.60	261.00 247.60
Dec	260.00	243.00	260.80 245.00
Mar	241.00	242.80	243.40 235.60
May	242.00	242.60	242.00 237.20
Aug	243.80		244.60 241.60
Oct	242.80	242.60	241.00 238.60
Dec	250.00		240.00
White	**Close**	**Previous**	**High/Low**
Oct	322.0	322.5	323.0 312.2
Dec	312.5		312.0 309.5
Mar	312.5	313.5	313.0 302.2
May	311.5		311.0 302.2
Aug	316.0		317.5 306.2
Oct	310.0		307.0

Turnover: Raw 3092 (4778)lots of 50 tonnes. White 2205 (819)
Paris- White (FFr per tonne): Oct 1680, Dec 1635 Mar 1650, May 1655, Aug 1683

CRUDE OIL – IPE $/barrel	Close	Previous	High/Low
Oct	30.90	29.60	31.10 28.35
Nov	29.10	28.05	29.20 26.80
Dec	28.20	27.25	28.20 26.20
Jan	28.00	27.08	28.60 25.50
Feb	27.27	26.35	
Mar	26.72	25.80	
IPE Index	30.41	30.83	

Turnover: 19731 (10778)

GAS OIL – IPE $/tonne	Close	Previous	High/Low
Sep	246.75	259.25	253.50 244.25
Oct	248.25	260.75	255.00 244.00
Nov	247.75	260.50	254.00 244.25
Dec	246.25	260.00	254.00 244.50
Jan	239.25	253.25	242.00 239.00
Feb	229.25	242.50	235.00 229.00
Mar	209.00	232.50	209.00 206.00
Apr	201.25	223.25	203.75 201.00

Turnover 12116 (13002)lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)			
Sep 10	Sep 7	mnth ago	yr ago
1820.2	1812.2	1789.1	1890.7

DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 7	Sep 6	mnth ago	yr ago
Spot	129.63	130.10	132.55	129.45
Futures	133.94	133.55	133.41	130.52

COCOA – London FOX £/tonne	Close	Previous	High/Low
Sep	704	697	703 685
Dec	739	733	743 724
Mar	772	766	778 759
May	794	789	797 784
Jul	814	811	815 807
Sep	834	835	840 827
Dec	856	860	850

Turnover: 3164 (5771) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 7 986.85 (1009.99) 10 day average for Sep 10 1002.75 (1008.99)

COFFEE – London FOX £/tonne	Close	Previous	High/Low
Sep	585	612	595 580
Nov	601	631	618 600
Jan	620	641	631 619
Mar	623	638	630 622
May	638	657	644 636
Jul	654	665	657 650
Sep	672		674

Turnover: 4783 (6168) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 7: Comp. daily 77.16 (78.83). 15 day average 76.98 (76.74)

POTATOES – BFE £/tonne	Close	Previous	High/Low
Nov	86.0		86.0
Apr	131.5	132.0	132.0 129.0

Turnover 126 (215) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne	Close	Previous	High/Low
Oct	102.00	103.0	102.00

Turnover 4 (10) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point	Close	Previous	High/Low
Oct	1187	1209	1210 1186
Jan	1205	1220	1220 1200
Apr	1230	1230	1212
BFI	1191	1193	

Turnover 98 (110)

GRAINS – BFE £/tonne			
Wheat	**Close**	**Previous**	**High/Low**
Sep	111.50	111.75	111.75 111.75
Nov	114.35	115.00	114.45 114.30
Jan	118.50	119.00	118.50 118.40
Mar	122.00	122.50	122.00 121.85
Barley	**Close**	**Previous**	**High/Low**
Nov	113.40	113.65	113.50 113.40

Turnover: Wheat 173 (237), Barley 90 (288). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Sep	103.5	106.5	
Oct	107.0	109.3	

Turnover 0 (42) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 23,033 lots	
Cash	2092-4	2005-9	2092/2087	2085-90		
3 months	2028-30	1970-2	2063/2017	2031-3	2021-3	64,470 lots
Copper, Grade A (£ per tonne)					Total daily turnover 27,802 lots	
Cash	1730-6	1629-31	1735/1720	1725-6		
3 months	1598-9	1553-5	1617/1595	1610-1	1595-7	109,632 lots
Lead (£ per tonne)					Total daily turnover 1,144 lots	
Cash	452.5-4.5	483-5	456	456-6.5		
3 months	456-6.5	456-7	460/455	459-6.3	457-8	11,631 lots
Nickel ($ per tonne)					Total daily turnover 1,903 lots	
Cash	11400-50	11100-200	11400/11100	11100-50		
3 months	11100-50	10850-900	11175/10950	10960-90	11050-75	8,781 lots
Tin ($ per tonne)					Total daily turnover 762 lots	
Cash	5770-80	5785-805		5760-70		
3 months	5890-900	5905-10	5900/5870	5880-90	5890-900	5,894 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 3,808 lots	
Cash	1600-15	1605-10	1625/1620	1625-30		
3 months	1512-5	1505-7	1523/1513	1516-6	1519-20	19,643 lots

LME Closing £/$ rate: SPOT: 1.868 3 months: 1.8273 6 months: 1.7969 9 months: 1.7738

LONDON BULLION MARKET		
Gold (fine oz)	**$ price**	**£ equivalent**
Close	385-385½	206¾-207¼
Opening	385¼-385¾	204¾-205¼
Morning fix	382.50	204.272
Afternoon fix	384.50	206.388
Day's high	385¼-385¾	
Day's low	381-381½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	393-398	211-214
Britannia	393-398	211-214
US Eagle	393-398	211-214
Angel	393-398	211-214
Krugerrand	384-387	206-208
New Sov.	90½-92½	48½-49½
Old Sov.	90½-92½	48½-49½
Noble Plat	476.40-483.95	255.50-259.55
Silver fix	**p/fine oz**	**US cts equiv**
Spot	265.25	477.00
3 months	264.75	486.65
6 months	273.75	495.70
12 months	292.15	516.15

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1900	201	120	16	71
2000	126	74	41	122
2150	53	31	114	226
Copper (Grade A)	**Calls**		**Puts**	
2800	235	141	37	104
3000	113	63	112	220
3200	44	24	240	375
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
550	57	81	7	12
600	25	49	29	30
650	9	28	59	59
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
700	64	103	25	31
750	38	74	49	52
800	22	53	83	81
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2900		160		
2950			20	
3000		3		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Sep	378.6	389.5	384.5	384.5
Oct	380.3	391.4	386.6	377.0
Nov	382.6	393.8	0	0
Dec	384.8	396.0	391.6	381.6
Feb	389.0	400.4	395.5	385.5
Apr	392.9	404.5	399.5	389.0
Jun	397.1	408.9	403.0	395.5
Aug	401.0	413.0	407.5	407.5
Oct	405.4	417.6	413.3	406.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Sep	455.4	479.7	469.0	454.0
Oct	457.5	482.3	472.0	457.3
Jan	463.8	488.6	476.5	463.6
Apr	468.9	493.7	483.5	466.7
Jul	474.1	498.9	487.5	487.5
Oct	479.9	504.7	495.0	490.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Sep	475.5	480.0	476.5	471.0
Oct	477.4	481.9	0	0
Nov	481.0	485.5	0	0
Dec	485.0	489.5	485.9	481.1
Jan	487.4	491.9	0	0
Mar	495.4	500.0	496.0	491.5
May	502.2	506.9	503.0	499.0
Jul	509.4	514.2	509.0	506.5
Sep	517.0	521.9	0	0
Dec	527.9	533.0	530.5	525.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	133.60	136.45	136.70	133.30
Oct	132.30	134.35	134.35	132.00
Nov	130.50	132.55	0	0
Dec	128.30	130.35	130.70	127.50
Jan	125.70	127.75	0	0
Mar	120.10	122.15	122.60	119.50
Apr	118.10	120.35	0	0
May	116.10	118.55	117.80	116.00
Jun	114.25	116.80	0	0
Jul	112.30	114.95	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	31.60	30.04	31.60	28.35
Nov	30.70	29.42	30.70	27.92
Dec	30.00	28.72	30.00	27.22
Jan	28.80	27.97	28.80	26.47
Feb	28.40	27.28	28.40	25.80
Mar	26.60	26.68	28.60	25.20
Apr	26.00	26.15	26.00	24.86
May	25.00	25.68	25.01	24.40
Jul	24.55	24.91	24.56	24.20

HEATING OIL 42,000 US galls. cents/US galls	Latest	Previous	High/Low	
Oct	8650	8398	8650	7860
Nov	8750	8486	8750	7950
Dec	8800	8535	8800	7975
Jan	8650	8429	8650	7850
Feb	8250	8139	8250	7550
Mar	7490	7719	7500	7275
Apr	7600	7409	7600	7150
May	6975	7204	7040	6920

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	1235	1230	1235	1210
Dec	1272	1267	1280	1234
Mar	1312	1312	1318	1275
May	1348	1342	1342	1311
Jul	1378	1368	1340	1340
Sep	1405	1399	1405	1391
Dec	1438	1432	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	94.75	95.50	96.00	93.60
Dec	98.05	98.25	98.40	96.65
Mar	101.40	101.50	101.45	99.70
May	103.30	103.75	103.40	101.75
Jul	105.75	106.00	105.25	104.10
Sep	108.00	108.50	108.00	106.25
Dec	110.25	111.00	109.65	109.45

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	11.20	11.16	11.20	10.78
Mar	10.90	10.91	10.91	10.58
May	10.88	10.92	10.90	10.61
Jul	10.88	10.93	10.89	10.68
Oct	10.96	10.98	10.98	10.75

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	72.58	73.66	73.70	72.30
Dec	72.06	72.94	72.95	71.40
Mar	73.35	74.25	74.15	72.85
May	74.05	74.88	74.75	73.80
Jul	74.17	75.00	75.05	74.17

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	150.50	149.80	151.00	148.75
Nov	137.75	139.70	140.00	137.60
Jan	135.50	137.00	136.75	135.50
Mar	135.50	136.50	136.50	135.50
May	135.25	136.00	136.00	136.00
Jul	135.05	136.00	136.00	136.00

TEA

There were 30,889 packages on offer this week including 3,200 offshore, reports the Tea Brokers' Association. New seasons Assams came to a selective market with coloury teas selling quite readily. Medium and brighter liquoring Africans met good general demand and showed advances of 5p to 10p per kilo. Ceylons were again well supported, offshore teas met a good enquiry with prices advancing by 2p to 4p per kilo with the exception of some Kenya offerings. Quotations: quality 235p nominal, medium 117p, low medium 60p.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	619/4	612/2	619/4	606/4
Nov	632/2	626/4	633/0	618/4
Jan	645/6	640/2	647/0	632/0
Mar	659/4	653/6	660/4	646/0
May	667/6	661/6	668/0	654/4
Jul	674/2	667/0	674/4	661/0
Aug	666/0	659/2	665/0	665/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	24.43	24.10	24.45	23.80
Oct	24.35	24.01	24.38	23.65
Dec	24.45	24.11	24.50	23.72
Jan	24.62	24.28	24.65	23.94
Mar	24.82	24.47	24.85	24.16
May	25.00	24.75	25.00	24.36
Jul	25.00	24.84	25.00	24.44
Aug	24.60	24.60	24.60	24.45

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	180.7	178.9	180.7	177.0
Oct	182.3	180.6	182.4	178.5
Dec	186.1	184.2	186.5	182.2
Jan	187.2	185.6	187.8	183.8
Mar	190.0	188.2	190.2	186.5
May	191.0	189.6	191.0	189.3
Jul	193.0	191.5	193.0	190.5
Aug	191.0	189.7	191.0	189.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	239/4	238/6	240/4	235/0
Dec	234/2	234/0	235/6	230/0
Mar	243/6	243/0	244/2	239/0
May	249/4	248/4	251/0	246/0
Jul	253/6	253/4	254/6	250/4
Sep	252/4	253/0	253/0	251/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	267/6	262/6	267/6	260/0
Dec	283/4	279/6	284/0	275/6
Mar	295/0	292/2	296/0	288/0
May	303/0	298/2	303/0	295/0
Jul	308/0	303/4	308/4	300/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	78.56	77.97	78.60	77.82
Dec	76.77	76.27	76.85	76.02
Feb	75.47	75.07	75.56	74.97
Apr	75.92	75.55	76.00	75.52
Jun	73.80	73.45	73.80	73.35
Aug	71.90	71.55	72.10	71.65

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	50.17	49.35	50.22	49.25
Dec	51.17	50.52	51.25	50.40
Feb	48.60	48.10	48.60	47.90
Apr	44.90	44.37	44.90	44.25
Jun	49.20	48.72	49.22	48.65
Jul	49.45	48.95	49.45	49.15
Aug	48.10	47.65	48.10	47.85

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	53.17	52.12	53.50	51.90
Mar	52.95	51.97	53.30	51.75
May	53.60	52.40	53.35	52.40
Jul	54.12	53.40	54.50	54.00
Aug	52.00	51.90	52.00	0

LONDON STOCK EXCHANGE

Turnover still thin as shares advance

THE POSITIVE outcome of the US-Soviet summit meeting on the Middle East crisis provided the spur for a sharp recovery in UK stocks yesterday. Encouraged by the bullish response in other world stock markets and, in particular, the substantial gains in Tokyo equities, UK shares opened the new trading account with widespread gains. Shares in overseas earning companies responded well to a dip in sterling, which will help export prospects, and to a strong opening to the new Wall Street session.

Also encouraging was the latest data on the domestic economy, with an unexpected fall of 1.6 per cent in August retail sales upsetting store shares but restoring some confidence in prospects for a reduction in UK interest rates sooner rather than later.

However, the market's recovery was less secure than its mid-session gain of 30 FT-SE points suggested. Trading volume remained miserably thin, and it was only a clutch of special situation stocks which finally saved the day's Seaq volume from plumbing new depths.

At its final reading of 2,147.0, the FT-SE Index had seen its gain reduced to 23.1 points. Seaq volume of 297.7m shares compared with 336.4m on Friday, but traders hastened to point out that a closer examination of the Seaq figure indicated that the level of business was grimmer than appeared at first glance.

As the market approached the day's peak, just after mid-session, trading volume was a mere 165.1m shares. "When the market can rise by nearly 1.5 per cent on turnover as thin as this, it must be an indictment of our trading system," said one trader.

Turnover was boosted in the second half of the session by a placing of shares in Powerscreen, an engineering group, and also by renewed buying of Polly Peck, apparently from across the Atlantic.

Falls in crude oil prices, reflecting increased optimism for a peaceful settlement in the Gulf following the Summit meeting in Helsinki, trimmed the recent gain in oil shares, although there was little selling pressure on BP and Shell.

Among currency-influenced stocks, ICI and Glaxo moved up well in unexciting turnover, while a strong gain in Reckitt & Colman reflected trading of a mere 340,000 shares. A rally in property shares, reflecting a very slight softening in interest rate fears, failed to save a placing of shares in Sheraton Securities which was largely left with the underwriters.

London closed on a nervous note in spite of the gain on the FT-SE Index. Market strategists were forecasting a further technical rally for UK equities but agreed that the outlook in the Gulf remained highly uncertain despite the success of the Helsinki meeting of Presidents Bush and Gorbachov.

Account Dealing Dates		
*First Dealings:		
Aug 20	Sep 10	Sep 24
Option Declarations:		
Sep 6	Sep 20	Oct 4
Last Dealings:		
Sep 7	Sep 21	Oct 5
Account Day:		
Sep 17	Oct 1	Oct 15

*New-time dealings may take place from 8.30 am two business days earlier.

Heavy trade in Polly Peck

POLLY PECK continued to hold the limelight, showing sharp swings in sentiment and price during the session. Volume swelled to 21m shares, more than 7 per cent of the entire market turnover.

Trading was gripped by suggestions that Mr Asil Nadir, the company's chairman and chief executive, was continuing to buy the stock. One marketmaker said there was a burst of buying as Wall Street opened.

Mr Nadir last week bought 4m shares in the food and consumer electronics group at prices between 273p and 296p. The stock has been suffering in recent weeks after criticism of the proposal and rapid abandonment of a plan to take the company private.

The shares dipped to 248p at one stage yesterday before rallying strongly to end just 2 below the day's peak at 275p, a net improvement of 13.

Powerscreen placing

Trading volume in the market's beta, or second line stocks, jumped sharply at mid-session, causing some bewilderment among marketmakers who were none the less thankful to see an increase in business.

One contribution came from shares in Powerscreen, the manufacturer of aggregate processing plant, which firmed 1p to 155p as it released more than 6m new shares to fund its acquisition of Guzzler, the US manufacturer of waste disposal equipment.

Powerscreen released a total of 6.16m shares to pay for its £9.2m purchase. The shares were placed by securities firm Kleinwort Benson at 149p and put through the Seaq system yesterday.

Kleinwort said the deal was done last week, and the shares were over-subscribed four times. Powerscreen previously had 76.1m shares on the market. It has said it chose to finance the Guzzler deal by a share placing because it was already committed to considerable capital spending, including new factories in the Irish Republic and in Kentucky, USA.

The outcome of the Helsinki summit between Presidents Bush and Gorbachov was seen by crude oil dealers as lessening the likelihood of an imminent outbreak of war in the Middle East. The market responded by wiping more than a dollar off the price of Brent crude for October delivery, to below the $29 a barrel mark.

The downturn in crude prices took the shine off the oil and gas sector, where the majors, BP and Shell, were little changed. BP eased 2 to 367p on 5.4m in spite of attracting another big turnover in traded options. Shell were a fraction ahead at 495p on 2.1m.

British Gas was hit by a number of factors. Specialists said the election of a left-wing Government in Ontario may well scupper Gas's C$1.1bn bid for Consumers Gas, Canada's biggest natural gas distributor. There was also concern about "green" funds selling their holdings in Gas, and worries about growing competition to Gas from the new BP/Statoil joint venture. By the close, Gas were 2 off at 221½p after turnover of 4.4m.

Profit-taking left Ultramar 8 down at 369p and Lasmo 10 weaker at 478p. Among the oil minnows, Crossroads Oil settled unchanged at 81p, having touched 86p immediately following news of the joint venture with US group Houston Energy.

Internationals powered ahead on the good mood, as sterling weakened and New York advanced. Glaxo, with finals on September 30, led the way with a rise of 28 to 773p. Turnover was unexceptional at 1.7m.

Others to show good gains included Hanson, 7 to the good at 204p, Guinness, 11 better at 704p, ICI, up 17 at 892p, and Reuters and Reckitt & Colman, both 29 dearer at 895p and 1223p respectively. Turnover was either small or average in these stocks, although Hanson topped the list of actives in the traded options market, where the equivalent of 3.6m shares were traded to add to the equity volume of 5.2m.

Having suffered badly since acquiring Foxboro, of the US, during the early summer, Siebe rallied on news of the former's rationalisation plans. When completed these will result in 1,600 employees being displaced over the next two quarters. At the close, shares of Siebe were 13 higher at 368p.

British Vita turned in a better-than-anticipated trading performance with first-half profits of £27.2m, against £23.5m. The chemical team at BZW said the 13 per cent increase in earnings was well ahead of its forecast, and proceeded to raise full year estimates. The new figure for the current year is £52.5m, previously £50.5m, and for 1991, £55m (£53m).

Under pressure throughout most of last week, British Vita shares rallied quite strongly before falling back on market fears of the group's exposure to the UK motor industry and oil-derived raw material products. They ended 4 up on balance at 172p, after 177p.

Morgan Crucible also beat market expectations by disclosing record interim profits of £27m, against £23.5m for the same period last year. The chairman was also confident about growth prospects in the second half, traditionally the stronger period, and the shares advanced 9 to 230p.

Laporte benefited from further buy recommendations and, although trade was moderate, the shares recouped 14 more at 480p. Smith New Court said there was no hurry to buy the chemical sector, but "in looking for value and bearing in mind the size of recent setbacks we would favour Laporte," among several others.

Amersham International was another outstanding performer, rising 11 to 308p after announcing that the interim statement would be reported on November 21. Caird, which has been beset by brokers' sell notices since last week's upheaval on the unexpectedly poor profits, rallied 7 to 71p. Ellis & Everard moved ahead 7 to 184p.

The banking sector was given an uncomfortable ride, with Warburg Securities reported as having adopted a cautious stance on the sector. Warburg declined to elaborate.

There was marked weakness, but notably thin trading, in Barclays and NatWest late in the session, both stocks easing to close 3 off at 342p and 274p respectively. Midland managed a minor improvement at 243p, as did Lloyds, at 268p, and Abbey National, at 213p.

Merchant banking group Singer & Friedlander were marginally off at 47p, after 46p, following the interim results which showed pre-tax profits down from £10.6m to £9.47m.

Worries that the election last week of the New Democratic Party in Ontario, Canada, could lead to a reappraisal of motor insurance in the Canadian state upset General Accident, which lost 7 to 443p on turnover of 1.1m. The insurance group has a big operation in Ontario, specialists said. The newly elected political party is known to favour state participation in motor insurance to restrict premium increases. Guardian Royal put on 4 more to 187p, but Commercial Union eased 5 to 445p.

Life issues were little changed ahead of important results this week from Prudential and Legal & General, the former tomorrow and the latter on Thursday. Prudential, markedly weak from the middle of last week onwards, slipped further to 200p with 2m shares traded. Dealers said there had been persistent downward pressure on the stock in spite of some good early support. Legal managed a gain of 5 at 372p, albeit in thin trading.

USM-quoted brewer Eldridge Pope fell 15 to 110p as the company said there had been "certain material irregularities" in a subsidiary's accounts. Eldridge Pope's investment in Realstream is about £4m. The company said the Dorset police had been asked to make enquiries.

Coats Viyella slipped 4 to 91p ahead of interim results expected on Thursday.

Rugby Group was the latest of the building sector companies to report interims, and the figures, to say nothing of the post-results meeting with analysts, proved disappointing. Pre-tax profits were down 14 per cent and the dividend maintained. Rugby shares closed 5 off at 121p. A broker's downgrade unsettled Beazer, which shed 3 to 126p.

Engineering issues were enlivened by imminent interim results and the successes of the Farnborough Air Show.

British Aerospace, due to announce results tomorrow, shot up 16 in early trading in the face of a predicted £12.5m drop in profits; last year's figure was boosted by an exceptional credit of £34m from the sale of BAe's stake in DAF. BAe shares closed 12 up at 450p.

Rolls-Royce, which Hoare Govett predicts will disclose on Thursday increased profits of £122m, despite the strike at the end of last year, rose 6 to 188p. A turnover of 2.5m shares was seen as comfortable on a thin day. Hawker Siddeley, due to publish results on Monday, rose 6 to 480p.

Fairey, the hydraulics manufacturer and shipbuilder, closed at 232p, up 3, after announcing profits up 19 per cent to £7.188m.

Ayrshire Metal Products was buoyant following a statement that the company was negotiating an agreement with GPRI, of France, to set up jointly owned subsidiaries in Britain and France to market products produced by each company. Ayrshire firmed 5 to 75p. Ayrshire said GPRI was interested in increasing its stake in the company to between 10 and 20 per cent. It now has 3.28 per cent.

The biggest activity in the front-line electronics/telecoms stocks was in Racal Electronics, which continued their underperformance against the market and lost 2 more to 158p.

Turnover in the shares came out at 3.9m, well up on usual levels. Specialists said there was evidence of further selling of the shares from US sources; it was revealed only last week that US investors had been consistently reducing their holdings in Racal during August, with US holdings now around 17.48 per cent.

The market's worst fears about the state of retailing in the UK last month were more than realised by the publication of August's retail sales figures, which showed a year-on-year decline of 1.6 per cent. Sector leaders eased in thin trading, with Marks and Spencer 3 off at 223p, Kingfisher a penny cheaper at 306p and Gus 2 down at 978p.

Sears firmed a penny to 87p as the company said it had made 250 staff redundant as part of a British Shoe rationalisation programme announced in January.

Continuing doubts over the possible sale of Next's financial and property activities took the shares down to 32¼p at one point, before they recovered to 34½p, off 1½ on the day.

Hillsdown firmed 7 to 258p as the company revealed it was in talks to take a controlling interest in leather company Strong & Fisher, whose shares were suspended at 20p. The proposal would also involve a rights issue and a reorganisation of Strong & Fisher's borrowings.

United Biscuits firmed 5 to 327p ahead of interims on Thursday, while Dalgety rose a similar amount to 358p after weekend press comment that it would sell Martin Brower, its US catering services company.

Properties followed the wider market higher with the notable exception of MEPC. A reassessment of the forecasts made by Kleinwort Benson, including a lowering of net asset value, hampered progress and the stock closed only 2 up at 452p.

Tottenham Hotspur, the football club, ran sharply ahead on blanket press coverage, on sports pages, of a possible takeover of the company by Mr Robert Maxwell, the publisher. The shares peaked at 113p before closing 14 higher on the day at 111p.

Compass firmed 5 to 331p after agreeing to sell its security and guarding services unit Compass Security to Security Express, a subsidiary of Australia's Mayne Nickless, for £7.6m in cash.

Television contractors had a dismal day. The prospect of interims today left TVS Entertainment 3 weaker at 54p. Figures last week from Thames Television were disappointing and the shares slipped another 7 to 374p yesterday. Several others also lost ground.

Brent Walker bounced after more than a month of sharp falls, rising 12 to 154p.

Mid-term profits up over 70 per cent and a positive view on the outlook for the remainder of the year boosted USM-listed Capita 6 to 167p. Fully-listed general traders EMC Group also found support and closed 6 higher at 95p.

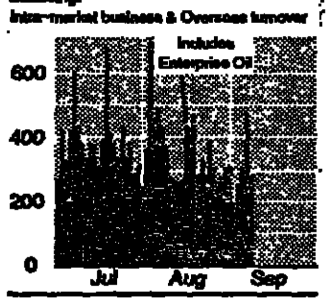
Big gains across the board in the water stocks masked almost non-existent trading in the sector. The biggest activity was in North West Water – where 711,000 shares were traded – which rose 9 to 227p. There was no recorded volume in the Water Package, which closed 60 points higher at £2225.

■ Other Market statistics, including the FT-Actuaries share index, Page 24

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million) Excluding: Inter-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Sept 10	Sept 7	Sept 6	Sept 5	Sept 4	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.27	78.07	78.61	78.67	78.40	86.08	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.33	86.30	86.53	86.42	86.23	96.70	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1655.1	1638.5	1639.9	1672.2	1670.9	1981.6	1968.3 (3/1)	1604.2 (23/8)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	195.4	194.6	193.5	192.3	196.3	205.3	378.5 (8/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2147.0	2122.9	2120.9	2152.2	2148.0	2400.6	2463.7 (3/1)	2075.0 (23/8)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.70	5.78	5.78	5.68	5.67	4.02				
Earning Yld %(full)	12.13	12.30	12.31	12.09	12.08	9.68				
P/E Ratio(Net)(☆)	10.00	9.87	9.86	10.03	10.05	12.48				
SEAQ Bargns 4.45pm	17,120	20,279	17,917	17,014	16,206	27,152				
Equity Turnover(£m)†	-	580.33	795.85	577.28	510.22	-				
Equity Bargains†	-	19,981	17,784	16,325	16,639	-				
Shares Traded (ml)†	-	280.0	479.4	303.7	257.7	565.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.85

Ordinary Share Index, Hourly changes Day's High 1660.9 Day's Low 1647.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1647.3	1654.6	1654.0	1658.1	1657.2	1656.8	1656.9	1659.4	1654.1

FT-SE, Hourly changes Day's High 2153.7 Day's Low 2133.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2133.2	2142.6	2142.3	2147.8	2146.4	2147.6	2148.7	2151.7	2145.6

GILT EDGED ACTIVITY

Indices*	Sept 7	Sept 6
Gilt Edged Bargains	83.3	81.3
5-Day average	80.2	78.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	304	167	+4	Courtaulds	225	318	+8	Manpower	159	55	+2	Smith (W.H.) A	405	330	+2½
ASDA Group	1,000	110	+1	Dalgety	132	358	+5	Marks & Spencer	2,100	223	-3	Smith & Nephew	343	[illegible]	+2½
Abbey National	1,300	213	+2	Dixons	515	130	-2	Maxwell Comms.	2,000	185	+2½	SmKl Beecham	1,800	590	+16
Allied-Lyons	1,000	484	+8½	ECC Group	465	349	+2	Mecca Leisure	0	68		SmKl Beecham Units	26	2470	+70
Amstrad	709	59	+2	Enterprise Oil	309	682	+3	Midland Bank	2,700	243	+1	Smiths Inds.	149	302	+2
Anglian Water	41	292	+5	FKI	200	54		NatWest Bank	2,100	274	-3	South West Water	247	215	+4
Argos	206	235	+1	Ferranti	4,100	22	+2½	Next	5,300	34½	-1½	Southern Water	5	205	+6
Argyll Group	845	254	+3	Fisons	1,600	347	+8	North West Water	711	227	+9	Standard Chartd.	186	374	+2
Ass. Brit. Foods	242	405	+4	Gen. Accident	1,100	443	-7	Northern Foods	585	339	+3	Storehouse	284	129	+3
BAA	636	390	+5	General Elect.	1,900	184	+6	Northumbrian Water	76	231	+7	Sun Alliance	705	276	
[illegible]															
British Land	143	264	+1	ICI	1,400	892	+17	Rolls Royce	2,600	188	+6	United Biscuits	312	327	+5
BP	3,400	357	-2	Inchcape	107	231	+1	Rothmans	394	730	+20	Utd. Newspapers	203	318	+2
British Steel	5,400	124½	-2½	Kingfisher	304	306	-1	Ryl Bk Scotland	1,100	152	+2	Water Package Uts.	0	£2225	+60
British Telecom	1,800	285½	+4½	Ladbroke	898	274	+6	Royal Insurance	1,300	393	+1½	Wellcome	348	500	+14
Bunzl	777	60	-10	Land Securities	702	487	+7	STC	572	247		Welsh Water	255	228	+6
Burmah Castrol	129	502	-1	Laporte	33	480	+14	Saatchi	558	53	+2	Wessex Water	15	218	+8
Burton	1,000	98	+1	Legal & General	686	372	+5	Sainsbury	647	298	+5	Whitbread "A"	184	427½	+4½
Cable & Wire.	509	469	+17	Lloyds Abbey	343	319	+2	Scottish & New.	85	336	+5	Wiggins Teape	2,400	159	-1½
Cadburys	292	328	+4	Lloyds Bank	895	268	+2	Sears	561	87	+1	Williams Hldgs.	135	210	+2
Calor Group	2	231		LASMO	780	478	-10	Sedgwick	218	186	+2	Willis Faber	442	230	+4
Carlton Comms.	375	335	+4	Lonrho	902	246	+3½	Severn Trent Water	289	212	+5	Wimpey	38	167	-2
Coats Viyella	1,000	91	-4	Lucas	157	131	+2	Shell Transport	2,100	495	+1	Yorkshire Water	355	237	+7
Comm. Union	261	445	-5	MB Group	16	180	+3	Siebe	380	368	+13				
Cookson	961	105	-1	MEPC	328	452	+2	Slough Ests	66	220	-4				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (11).
BRITISH FUNDS (4) INDUSTRIALS (3) B. H. Prop., Ramco Oil. TRUSTS (2) OILS (1) OVERSEAS TRADERS (1) THIRD MARKET (1).
NEW LOWS (148).
CANADIANS (3) BANKS (7) BREWERS (2) BUILDINGS (16) CHEMICALS (4) STORES (7) ELECTRICALS (13) ENGINEERING (9) FOODS (1) INDUSTRIALS (21) Arley, Avon Rubber, BBA 6.7pc Pf., British Polythene Inds., Community Hospitals, Cookson, Handley-Walker, Hawthorn Leslie, Hughes (H.T.), Macfarlane, Pentland, RKF, Rank Org., Scottish Heritable Trust, Stat-Plus, T & N, Tomkins, WSP, Whitegate Leisure, Worcester, Wyndham, INSURANCE (2) LEISURE (11) MOTORS (2) NEWSPAPERS (2) PAPERS (9) PROPERTY (14) SHOES (3) SOUTH AFRICANS (1) TEXTILES (1) TRANSPORT (2) TRUSTS (14) MINES (6) THIRD MARKET (1).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

New chief named at Brammer

■ Following his appointment as chairman of Halifax Building Society Mr Jon Foulds is stepping down as chairman of BRAMMER. His successor is Mr Hugh Lang. Mr Lang joined the board in April and is executive chairman of P-E International and deputy chairman of the Design Council as well as a non-executive director of other public companies.

■ Mr Alain Boublil is to join the European advisory board of GE INTERNATIONAL, part of General Electric (USA).

■ The ROBERTSON GROUP has made the following board appointments: Mr Saxon Tate, chairman of the London Futures and Options Exchange, becomes a non-executive director.

Mr John McEwan, chairman of the group's environment division, and Mr Richard Fowler and Mr David Wilson, joint managing directors with the group's petroleum division, are appointed to the board as executive directors on January 1.

■ MACEY WILLIAMS, Lloyds brokers, has formed a subsidiary company called Macey Williams Insurance Services. The board of directors is Mr R.D.M. Macey, chairman, and Mr A.J. Williams, Mr I.P. Watson, Mr D.S. Randle and Mr V. Patel, directors.

■ HIGHSPEED LUBRICANTS, York, has appointed Mr John R. Wood as marketing and development director. He was a senior executive with National and Provincial Building Society Savings in Bradford.

■ Mr John A. Marzulli Jr. (pictured), has been appointed to the London office of SHEARMAN & STERLING as head of its newly-created mergers and acquisitions group. He was previously a partner in the mergers and acquisitions department of the New York office.

■ BARCLAYS de ZOETE WEDD has appointed Mr Philip Remnant and Mr Richard Gillingwater as directors in the corporate finance division from early October. They were previously corporate finance directors with Kleinwort Benson.

■ Mr Harley M. Patrick, general manager of the TOKIO REINSURANCE COMPANY, will retire in January. He will be succeeded by Mr Tony M. Warrilow, the present deputy manager, who will continue his close involvement in day-to-day underwriting matters.

■ Mr David Hill is appointed deputy chairman of HIGGS AND HILL GROUP and continues as group joint managing director.

■ Mr Nigel Terrington has become an executive director of NATIONAL HOME LOANS HOLDINGS with responsibility for the group treasury division.

■ Mr John A.B. Townley has become director, institutional sales, at the LEVITT GROUP. He joins from The Royal Bank of Canada, where was vice president on the international corporate banking side.

■ M. MERCADO, a specialist distributor of carpets to independent retailers, has appointed Mr John Wharton as chairman and joint managing director. He was previously joint managing director of the company before a management buy-out last year from Next.

■ AIR UK has appointed Mr Robert Coleman as director of customer services for its scheduled airline division Air UK Ltd. He was previously acting as a consultant for Virgin Atlantic Airways as general manager inflight services.

■ Following the acquisition of the Mappin & Webb jewellery group by Asprey, a total separation of Garrard & Co and Mappin & Webb has been made. Mr Naim Attallah (pictured), joint managing director of Asprey, has assumed the role of managing director of MAPPIN & WEBB; Mr Paul Clayman remains as deputy managing director; Mr David Beckett, previously group financial director, now becomes financial and administrative director of Mappin & Webb. Mr Edward Green resigns from the board of Mappin & Webb, but remains managing director of Garrard & Co.

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9½	ABN Amro FI5	£10¼	+¼	Q28%	2.1	8.1	5.8
303	189	ANZ SA1	195	+5	44c	1.4	9.7	7.3
229	172	Abbey National 10p	213	+2	5.7	4.3	3.6	8.6
*274	144	Allied Irish Ord.	161	+4	Q40%	3.3	5.6	7.3
		For Algemene see ABN Amro						
85	55	Anglo Irish	55	–2	t018.7%	2.7	7.6	7.9
93	68	Ansbacher (H.) 1p	68	–2	2.5	1.3	4.9	19.6
£71¼	£40¾	Bancaire Cie Fr100	£41⅞	+⅞	Q12¼%	–	3.2	–
£22¼	£15¼	Banco Bilbao Viz.	£16¼		Q49.1%	2.7	4.8	11.4
284	155	Bank Ireland Ir£1	158		Q14.7%	2.9	8.3	5.5
£19½	£15	Bank Leumi	£19½		–	–	–	–
350	320	Bank Leumi (U.K.)	350		†15.0	–	5.7	–
125	104	Bank Scotland	111		4.55	3.3	5.5	7.4
100¼	83¼	Do. 9¼pc Irrd Pf.	95½	+½	9¼%	–	12.9	–
54	39	Bank of Wales	44		2.8	0.8	8.5	(21.1)
428	332	Barclays £1	342	–3	†h19.57	3.5	7.6	4.7
22	12	Benchmark 20p	13		1.63	1.0	16.7	7.5
335	280	Brown Shipley £1	280	–1	12.0	2.2	5.7	9.0
*435	334	Cater Allen £1	334	–6	N24.5	–	9.8	–
179	74	Chancery	74	–5	9.0	2.7	16.2	3.0
£23¼	£16¼	Commerzbk DM10	£17½		Q18%	–	3.5	–
£13¼	675	Dai Ichi KBk Y50	704		Q17%	♦	0.5	♦
*£31⅞	£21¼	Deutsche Bk DM50	£23¼	+⅞	Q28%	–	2.0	–
£20¼	£15¼	Espirito Santo	£15¼		Q75c	5.1	2.6	7.4
253	174	First Nat. Fin. 10p	189	+1	13.0	2.1	9.2	6.5
121	88	FNFC 6.3pc Cv Pf	93		6.3%	–	9.0	–
£13¼	800	Fuji Bank Y50	830		Q17%	♦	0.4	♦
325	262	Gerrard & National	282	–2	19.0	–	9.0	–
154	113	Guinness Mahon 10p	113	–1	2.1	–	2.5	–
328	194	Hambros 20p	215	+2	11.5	–	7.1	–
128	90	Do. 7.5pc Cv Pf	92a	–3	7½%	–	10.9	–
53¼	34¼	HK & Shang. HK$2.50	36½	+1	†hQ38c	–	7.1	–
478	413	Joseph (Leo) £1	413		15.85	–	5.1	–
150	121	King & Shaxson 20p	123		10.25	–	11.1	–
422	320	Kleinwort Benson Grp	323	–1	16.0	2.5	6.6	7.6
642	339	Kyowa Bank Y50	380	+10	Q14%	♦	0.7	♦
316	242	Lloyds £1	268	+2	†13.3	2.6	6.6	6.3
56	44	Lon. Scot. Bank 10p	49		†2.4	1.9	6.5	9.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
225	163	Airflow Streamlines	163	.....	6.0	3.9	4.9	7.0
190	145	Bostrom 5p	178	−5	5.75	3.1	4.5	7.7
266	188	Dowty 50p	198	+3	9.0	2.1	6.1	9.6
239	132	FR Group	142	.....	6.37	3.2	6.0	6.8
135	55	Kwik-Fit Hldgs. 10p	63	+1	2.4	1.7	5.1	15.8
174	121	Lucas Inds	131	+2	6.25	3.0	6.4	5.9
44	18	Do. Warrants	19	.....	—	—	—	—
80	63	Mid-States 10p	66	.....	s20.75	—	1.6	54.0

Garages and Distributors

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	22	.....	1.0	3.0	6.1	6.6
135	81	Appleyard 10p	81xd	+½	†7.8	2.4	12.8	3.8
110	69	Bletchley Motor 20p	70	+1	7.5	1.9	14.3	5.0
568	445	Caffyns 50p	445	−3	11.5	0.3	3.4	—
121	98	Central Motor Auctns.	108	+1	†3.25	3.2	4.0	10.3
61	26	Cook (D.C.) Hldgs.	31xd	−1	1.0	◆	4.3	◆
89	33	Cowie (T.) 5p	52	+1	4.2	1.5	10.8	7.2
95	65	Dagenham Motors 10p	66	.....	5.25	2.8	10.6	4.6
98	78	Davenport Vernon 10p	78	.....	3.5	3.6	6.0	5.4
29	16	Equity & Gen 5p	20a	.....	†1.5	1.7	10.0	(7.1)
247	163	Evans Halshaw	174xd	+5½	11.25	2.4	8.6	6.4
113	85	Gates (F.G.)	90	−1	2.75	1.9	4.1	16.9
161	94	Gowrings 10p	94	−2	5.63	1.3	8.0	10.6

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

FINANCE, LAND, ETC

WATER

MINES — Contd

Miscellaneous

THIRD MARKET

REGIONAL & IRISH STOCKS

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	48
Amstrad	7
Astec (BSR)	6
BAT	45
BOC Grp	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	55
FKI	5¼
FNFC	20
Gen Accident	46¼
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd	39
ICI	70
Ladbroke	22
Legal & Gen	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk	18
P & O Dfd	42
Polly Peck	40
Racal Elect.	14
RHM	23
Rank Org Ord	49
Reed Intnl	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	18
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	58
Vickers	19
Wellcome	38

Property

Stock	p
Brit Land	24
Control Secs.	4
Land Securities	42
MEPC	38
Mountleigh	11

Oils

Stock	p
Ariva Petlm.	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm.	20
Gaelic Res.	2
Premier	8½
Shell	40
Tuskar Res.	6
Ultramar	91

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

SE Asia	6	45.50	45.50	48.66	+0.85	2.34
UK Growth (4-1)	6	59.96	59.96	64.13	-1.05	3.85
UK High Income	6	32.87	32.87	35.16	+0.10	5.75

Mayflower Management Co Ltd (1200)F
PO Box 249, Beckenham, Kent BR3 4WA 081-663 3111

Income	5	301.3	301.3xd	320.5	+3.8	5.74
Global Inc	5	43.18	43.18xd	45.93	+0.68	5.39
Brit Leaders	5	236.6	236.6xd	251.7	+3.9	4.48
Intl Leaders	5	130.8	130.8xd	139.2	+2.8	3.08

Medical Investments Ltd (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

Health Fund	5½	47.86	47.86	52.22	+0.95	.32

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

NPI American Acc ♥	5	61.93	62.01	65.97	+1.39	1.68
NPI Americas Dis ♥	5	58.27	58.35	62.07	+1.31	1.68
NPI European Acc	5	69.68	69.87	74.33	+0.98	0.23
NPI European Dist	5	68.61	68.80	73.19	+0.97	0.23
NPI Far East Acc	5	100.37	100.97	107.41	+4.18	0.48
NPI Far East Dist	5	99.67	100.26xd	106.66	+4.15	0.48
NPI O'seas Acc	5	815.2	818.3	870.5	+14.6	1.39
NPI O'seas Dist	5	638.2	640.7xd	681.6	+11.4	1.39
NPI UK Acc	5	426.9	431.6	459.2	+5.20	4.21
NPI UK Dist	5	241.1	243.8	259.4	+2.90	4.21
NPI W'wide Acc	5	67.89	68.57	72.95	+1.28	0.22
NPI W'wide Dist	5	65.45	66.10	70.32	+1.23	0.22

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust information pages.

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Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks
Admin: 0296 394000 Dealing: 0296 312156

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	65 48	65 48	69.93	+1.55	1 10
Australia	5	6.496	6 496	6 949	+0.10	3 84
Equity	5	142.8	142.8	153 3	+1 2	5 02
Euro Spec Sits	5	105.8	105.8	113.9	+2.0	0 61
Financial	5	25.52	25 52xd	27.66	(z)	3.13
Global Opps Inc	5	61 13	61 13	65 92	+1.40	0 00
Global Opps Acc	5	61 59	61 59	66.32	+1 42	0.00
Gold & Gen Inc	5	42 29	42 29	45 41	+0 25	0 88
Gold & Gen Acc	5	78 82	78.82	84 63	+0 46	0 88
Income	5	87 82	87.82xd	94.39	+0.58	6 57
Japan & General	5	113 6	113 6xd	122 4	+7 3	0 00
Preference Share	5	17.57	17 91	19 22	+0 38	13.80
UK Capital	5	78 48	78 48xd	84.34	+0 61	4 00
World Income	5	56 67	56 67	60 82	+1 14	5 81
Worldwide Capital	5	152 3	152 3	163.9	+2.9	3 34

Templeton Unit Trust Managers Ltd (1200)F
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932

Global Growth Acc	6	104 58	105.39	112 72	+1 57	3 28
Global Growth Inc	6	100 48	101 26	108.30	+1.51	3 28
Global Balanced Acc	6	101 17	101 63	108 69	+1.59	4.52
Global Balanced Inc	6	96.19	96 62	103 34	+1.51	4.52
Value Tst Acc		74 99	76.17	81.47	+1.13	4 04
Value Tst Inc	6½	73.12	74 27	79 43	+1.08	4.04
Intl Pen & Ch'ties Inc ♥	2	96.30	97 87	102 76	....	3.57
Intl Pen & Ch'ties Acc ♥	2	94.42	95 96	100.75	....	3 57

Thornhill Unit Trust Managers Ltd (1200)F
28 St John's Sq, London EC1M 4AE 071-251 6767

Capital	5	47.31	47.62	50 65	....	–
Overseas	5	41.05	41.31	43.94	....	–

Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq, London W1M 0DH 071-493 7262
Dealing 071-493 8545

American Opps	5	45 88	45.88	48 92	+0 82	0 23
(Accum Units)	5	47.21	47 21	50 35	+0.85	0 23
Cash	0	50 04	50 04	50 04	+0 02	14 86
Accum Units	0	50 04	50.04	50.04	+0 02	14.86
European Opps ‡	5	64 51	64 51	68 80	+0 87	0 00
(Accum Units) ‡	5	64 86	64.86	69 17	+0.87	0 00
Far Eastern Opps	5	113 82	113.82	121 40	+3.70	0.00
(Accum Units)	5	114 55	114 56	122.17	+3 72	0 00
Golden Opps	5	31.75	31.82	33 93	+0.03	0 00
(Accum Units)	5	32 65	32.73	34 90	+0 03	0 00
Intl Hi-Yield	5	52.00	52.00	55 46	+0 98	4 96
(Accum Units)	5	56 69	56 69	60 46	+1 08	4.96
Sanyo Japan Tst	5	61 75	61 75	65 86	+2 28	0 00
(Accum Units)	5	61.75	61.75	65 86	+2.28	0 00
Kangaroo	5	27 61	27.61	29 44	+0 40	1.42
(Accum Units)	5	28 82	28 82	30 73	+0 41	1 42
Little Dragons	5	39 23	39.23	41 83	+0.85	0.00
(Accum Units)	5	39 23	39.23	41.83	+0 85	0 00
Oriental Income	5	31 12	31.12	33 17	+0 66	5.27
(Accum Units)	5	35 50	35.50	37 85	+0 76	5 27
Tiger	5	125 18	125.18	133.52	+2.89	0.83
(Accum Units)	5	127 58	127 58	136.07	+2.94	0 83
UK Hi-Yield	5	36.10	36 10	38 50	+0 21	5 94
(Accum Units)	5	42 25	42 25	45 05	+0 24	5 94
Uk Smllr Cos	5	49.69	49 69	53 13	-0.10	0 80
(Accum Units)	5	54 14	54.14	57 89	-0 11	0 80

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034

Balanced Portfolio	6	86.94	88 75	94 08	+1.16	6 20
Cash Deposits ♥		101 43	101.43	101 43	+0 08	14 00

Timberlake Trust Mngrs Ltd (0900)F
1 White Hart Yard, London SE1 1NX 071-407 5966

Portfolio	2	92.01	92.01xd	95 23	-0.18	2.13

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250
4 Hourly Pricing – 12 Noon Historic

TR American Gwth	5¼	39 82	39.82xd	42.47	+0.92	0
TR Eur Sp Sits Acc	5¼	38.31	38.31	40 82	+0.54	0
TR Eur Sp Sits Inc	5¼	37.57	37.57	40 03	+0.53	0
TR Far East Opps Inc	5¼	18.64	18 64	19.90	+0 44	0
TR Far East Opps Acc	5¼	18.64	18.64	19.90	+0 44	0

[illegible]

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Sept 5	41 0	42 6xd	....	2.42
Euro Expt Sept 5	50.5	53 0xd	....	2.19
Fixed Int Ex Sept 5	42 3	43.5	....	11.62
Japan Expt Sept 5	39 9	41 6	....	0.77
Managed Ex Sept 6	39.8	41 3	....	5.23
SE Asia Expt Sept 5	60 1	63.0	....	3.45
Sm Con Expt Sept 5	32 2	33.8	....	5.29
UK Eqty Ex Sept 5	36.9	38 7xd	....	4.95

Phillips & Drew Fund Management Ltd

Small Co's Sep 5	641 8	685 8	....	5.25
Do Accom	706.9	756.2	....	5 25
Int Expt Sept 6	155.8	158 6	....	3.0
UK Index Sept 5	1015	1036	....	5.1
Do Accum	1059	1080	....	5.1
Convertible Sept 10	83 40	85 88	-0.8	8.3
World ex UK Index Sept 3	678.1	687 3	....	2.32
Do Accum	678.1	687 3	....	2.32
Japan Index Sept 3	541 3	549 1	....	0.6
Do Accum	542 3	550.0	....	0.6
USA Index Sept 3	776 1	781.7	....	3.6
Do Accum	787 0	792 6	....	3.6
Europe ex UK Index Sept 3	852.3	873 2	....	2.7
Do Accum	865.6	886.7	....	2.7
Pacific ex Jap Index Sept 3	831 8	855.5	....	3.2
Do Accum	847.5	871.6	....	3.2
Managed Exempt Sept 6	91.15	92.76	....	5.15

NM Rothschild Asset Management Ltd

NC Managed	54.2	57.7xd	+0.6	4.17
NC Property	179.5	196.5	....	–

J. Rothschild Fund Managers Ltd

Intl Exempt Accum	130.5	131 6	....	2.97

Stewart Ivory & Co Ltd

Saints PPP Aug 13	245 8	258.1	....	–

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt Sept 3	91.53	96.95	....	4.26
(Accum Units)	93.34	98.87	....	4.26

Touche Remnant Unit Tst Mngt Ltd

TR Exempt European	1029	1041	....	2.56
TR Exempt Nth Amer	771	786	....	4.14
TR Exempt Pac Basin	719	728	....	1.73

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)

AA Friendly Sy Aug 10	–	170 3	....	–

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop Ser 1	288 0	303.2	....	–
Equity Ser. 1	116.5	122.7	+1.1	–
Prop Acc Ser 2	443.7	467.1	....	–
Equity Ser 2	139.1	146 5	+1.3	–
Selective Acc	331.0	348.5	+1.3	–
Prop Ser 4	356.1	374.9	....	–
Equity Ser. 4	145.8	153 5	+1.0	–
Man Ser 4	421.6	443 8	+2.3	–
Fixed Int. Ser. 4	221.1	232 8	-0.4	–
Indexed Inv. Ser 4	146.3	154 0	-0.2	–
American Ser. 4	280.0	294.8	+3.5	–
Japan Ser 4	269.2	283 4	+9.9	–
European Ser 4	115.9	122 0	+1.2	–

[illegible]

Lifetime Assurance Co Ltd
Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999

Managed Security	96.9	102.1	....	–
Managed Growth	93 0	97.97	....	–
Managed Opportunity	84.5	89.0	....	–

[illegible]

Merchant Investors Assurance Co Ltd – Contd.

MI Gar Japan		107.4	+3.5	–
MI Gar Pacific Gwth		134.6	+2.1	–
MI Hen Spec Situations		100.6	-0.7	–
MI Hen Recovery		86.0	-0.6	–
MI Hen Financial		91.6	-0.6	–
MI Hen Inc & Growth		106 1	-0.8	–
MI Hen Inc & Assets		105.3	-0.5	–
MI Hen High Income		112.4	-0.9	–
MI Hen Extra Income		100.6	-0.6	–
MI Hen Smllr Cos Div		84 1	-0.7	–
MI Hen Pref & Gilt		87.2	-0.2	–

[illegible]

Continued on next page

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Norwich Union Asset Management Ltd
PO Box 124 Norwich NR1 1JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	62.0	65.3	+0.8	–
Stock Market Mngd Fund	59.3	62.4	+1.0	–
Equity Fund	66.3	69.8	+0.8	–
International Fund	53.1	55.8	+1.3	–
European Fund	65.6	69.0	+1.3	–
North American Fund	51.8	54.6	+1.1	–
Pacific Fund	56.3	59.2	+1.5	–
Property Fund	86.9	91.5	+0.1	–
Fixed Interest Fund	51.1	53.8	+0.1	–
Index Linked Sec Fund	57.4	60.4	----	–
Deposit Fund	64.9	68.4	+0.1	–
NUAM Retirement Plans				
Mixed Fund	67.1	70.7	+0.9	–
UK Ordinary Share Fd	76.3	80.3	+1.0	–
International Fund	57.6	60.7	+1.3	–
Property Fund	85.2	89.6	----	–
Fixed Interest Fund	60.6	63.8	+0.1	–
Index Linked Sec Fund	60.5	63.7	----	–
Deposit Fund	74.9	78.9	+0.1	–
NUAM (NF)				
Managed Fund	877.1	923.3	+10.8	–
Equity Fund	1823.2	1919.2	+19.7	–
International Fund	140.0	147.4	+3.5	–
Property Fund	549.7	578.7	+0.3	–
Fixed Interest Fund	383.1	403.3	+1.0	–
Index Linked Sec Fund	58.4	61.5	----	–
Deposit Fund	266.9	281.0	+0.2	–

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd.	104.35	109.84	+0.09	–
Managed Fd.	84.47	88.92	+1.09	–
UK Ord Share Fd.	86.94	91.52	+0.93	–
International Fd.	78.54	82.68	+1.95	–
European Fd.	90.92	95.70	+1.89	–
North American Fd.	78.99	83.14	+1.60	–
Pacific Fd	71.22	74.97	+1.89	–

Providence Capital Life Assc. Co Ltd – Contd.

Provident Life Assoc Ltd

Sun Alliance International Life
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

	Bid Price	Offer Price	+ or -	Yield Gross
North American Equity $	$8.18	8.81	----	–
Pacific Equity $	$7.23	7.79	----	–
Intl Currency $	$4.23	4.56	----	–
Intl Bond Fund $	$6.63	7.14	----	–
Gilt Fund £	£3.84	4.14	----	–
US Dollar Mngd Fd $	$1.63	1.76	----	–
Stg Managed Fd £	£1.04	1.12	----	–

Target International Group
1 rue Emile Bian, Luxembourg Tlx 2809 Tel 4050751

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Pens Plan	£0.75	0.81	----	–
US Dollar Pens Plan	$0.72	0.78	----	–
Yen Pens Plan	Y268	286	----	–
Ecu Pens Plan	Ecu0.66	0.72	----	–
Sterling Man Fd	£1.08	1.15	----	–
Sterling Fixed Int Fd	£1.49	1.57	----	–
US Dollar Man Fd	$1.24	1.32	----	–
US Dollar Fixed Int Fd	$1.38	1.46	----	–
Ecu Bond Fd	Ecu1.08	1.15	----	–
Davenport Chdwck £ Fd	£0.78	0.84	----	–
Davenport Chdwck $ Fd	$0.67	0.73	----	–
Davenport Chad £ F.I.	£1.06	1.15	----	–
LWI Universal Stg Mgd	£0.76	0.79	----	–
LWI Universal $ Mngd	$0.62	0.64	----	–
Matheson £ Pens	£0.78	0.83	----	–
Matheson $ Pens	$0.81	0.86	----	–
EDN MIM £	£0.85	0.92	----	–
EDN MIM $	$0.95	1.02	----	–
Royal Wessex Fund	£0.74	0.778	----	–
Wessex Special Sits	£1.03	1.076	----	–
Proinco $ Managed	$0.91	0.956	----	–
Proinco £ Managed	£1.02	1.069	----	–
Argent Stg Blncd		£10.90	----	–
Argent Stg Eqty Gth		£11.56	----	–

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF. 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	186.6	196.5	-0.1	–
Target Mngd Pension	114.7	120.8	-0.3	–
Albany Life Acc	173.0	182.0	+1.6	–
Albany Pens Acc	215.7	227.0	+2.5	–

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc
UK Agent: Ivory & Sime Plc. One Charlotte Square Edinburgh EH2 4DZ 031 225 1357

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)**

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen strength hits sterling

THE JAPANESE yen remained very strong yesterday, gaining ground against the dollar, D-Mark and sterling. Demand for the yen has increased as Japanese companies adjust books ahead of this month's end of the half financial year. Currencies such as sterling, which had risen sharply, on yield factors and the Gulf crisis, are particularly vulnerable to profit taking against the yen in the present circumstances.

The week-end summit between the presidents of the US and Soviet Union was seen as a positive step towards a peaceful solution to the Gulf crisis. This in turn pushed oil prices lower and underpinned the yen. The yield factor has also tended to move in favour of the yen after rising Tokyo interest rates prompted the recent increase in the Bank of Japan's discount rate. Rates in Tokyo are now higher than equivalent US rates.

Indications that the Bundesbank is opposed to an early rise in German interest rates is another reason behind the yen's attraction. The D-Mark fell below Y90.00 on Friday and continued to decline yesterday. It closed in London at Y88.00 against Y89.45 previously.

The dollar bounced off technical support at Y138.80 during European trading after falling below Y140 in the Far East. It finished at Y139.43 in Tokyo against Y140.10 on Friday in New York. At the London close the dollar had fallen to Y139.15 from Y140.05 previously.

In terms of European currencies the dollar performed better, but trading generally lacked fresh factors. It rose to DM1.5815 from DM1.5655; to SFr1.3185 from SFr1.3035; and to FFr5.2950 from FFr5.2450. The dollar's index advanced to 63.4 from 63.1.

Sterling weakened in the Far East and continued to lose ground during European trading. Fading hopes of an early decision by Britain to become a full member of the European Monetary System weighed against the currency, while falling oil prices also encouraged a move out of the pound.

Economic news had little impact. A year-on-year rise of 5.8 per cent in August UK output producer prices was below market forecasts of 6.1 per cent and was an improvement on the revised July gain of 6.0 per cent. A fall of 1.6 per cent in August retail sales was also encouraging. A rise of around 0.2 per cent was expected. In the last three months the volume of sales has been 0.9 per cent below the previous quarter, but opinions were mixed about the implications.

While some City economists suggested that recent trends could justify an early cut in bank base rates others warned that Friday's figures on retail prices will almost certainly show that year-on-year inflation has moved into double figures.

Sterling fell 3¾ cents to $1.8570. It also declined to DM2.9375 from DM2.9650; to Y258.50 from Y265.25; to SFr2.4475 from SFr2.4700; and to FFr9.8325 from FFr9.9375. The pound's index lost 1.0 to 93.4.

£ IN NEW YORK

Sept. 10	Close	Previous Close
£ Spot	1.8575-1.8585	1.8915-1.8925
1 month	1.06-1.04pm	1.07-1.05pm
3 months	3.08-3.05pm	3.11-3.09pm
12 months	10.3-10.2pm	9.35-9.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8560 - 1.8825	1.8565 - 1.8575	1.06-1.03cpm	6.75	3.09-3.05pm	6.61
Ireland†	1.6960 - 1.7080	1.6965 - 1.6975	0.38-0.33cpm	2.51	1.44-1.34pm	3.28
Canada	1.1615 - 1.1715	1.1700 - 1.1710	0.41-0.44cdis	-4.36	1.25-1.30dis	-4.36
Netherlands	1.7680 - 1.7825	1.7810 - 1.7820	0.04-0.06cdis	-0.34	0.20-0.23dis	-0.48
Belgium	32.25 - 32.50	32.40 - 32.50	1-4cdis	-0.92	4-12dis	-0.99
Denmark	5.99½ - 6.04	6.02¾ - 6.03¼	1.15-1.35oredis	-2.49	3.65-4.05dis	-2.55
W. Germany	1.5685 - 1.5820	1.5810 - 1.5820	0.02-0.04pfdis	-0.23	0.17-0.20dis	-0.47
Portugal	139.65 - 139.85	139.75 - 139.85	80-95cdis	-7.51	240-270dis	-7.30
Spain	98.10 - 99.25	99.15 - 99.25	56-62cdis	-7.14	157-167dis	-6.53
Italy	1179 - 1180½	1179¼ - 1179¾	1.00-1.15liredis	-1.09	6.90-7.90dis	-2.51
Norway	6.06¾ - 6.10¼	6.09¼ - 6.09¾	0.95-1.20oredis	-2.12	3.45-3.85dis	-2.40
France	5.25¾ - 5.30	5.29¼ - 5.29¾	0.85-0.90cdis	-1.98	2.87-2.97dis	-2.21
Sweden	5.76¾ - 5.79½	5.78¾ - 5.79¼	2.05-2.20oredis	-4.40	7.00-7.45dis	-4.99
Japan	138.65 - 139.65	139.10 - 139.20	0.01-0.03ydis	-0.17	0.10-0.13dis	-0.33
Austria	11.04 - 11.12¼	11.11½ - 11.12	0.25-0.60grodis	-0.46	1.60-2.60dis	-0.76
Switzerland	1.3040 - 1.3210	1.3180 - 1.3190	0.02dis-0.02cpm	0	0.08-0.15dis	-0.35
ECU	1.3085 - 1.3195	1.3085 - 1.3095	0.19-0.17cpm	1.65	0.70-0.66pm	2.08

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8560 - 1.8825	1.8570 - 1.8580	1.06-1.03cpm	6.75	3.09-3.05pm	6.61
Canada	2.1700 - 2.1805	2.1745 - 2.1755	0.49-0.39cpm	2.43	1.34-1.19pm	2.33
Netherlands	3.30¼ - 3.32½	3.30¼ - 3.31¼	1⅞-1⅝cpm	6.58	5¼-5pm	6.20
Belgium	60.10 - 60.70	60.20 - 60.30	31-28cpm	5.88	87-80pm	5.54
Denmark	11.19¼ - 11.27¼	11.19¼ - 11.20¼	4½-3¾orepm	4.15	11⅝-10⅜pm	4.00
Ireland	1.0905 - 1.1025	1.0935 - 1.0945	0.39-0.34ppm	4	1.01-0.88pm	3.46
W. Germany	2.93¾ - 2.95¼	2.93½ - 2.94	1⅝-1½pfpm	6.38	4¾-4½pm	6.13
Portugal	259.05 - 261.40	259.05 - 260.05	2-33cdis	-0.81	12-70dis	-0.63
Spain	183.70 - 185.30	183.95 - 184.25	8-parcpm	0.26	10-2pm	0.13
Italy	2187½ - 2199½	2189¾ - 2190¾	10-8lirepm	4.93	23-21pm	4.02
Norway	11.31¼ - 11.39¾	11.31¼ - 11.32¼	4⅝-4¼orepm	4.64	12¾-11¾pm	4.26
France	9.82 - 9.87½	9.82¾ - 9.83¾	4-3⅝cpm	4.73	11-10⅝pm	4.40
Sweden	10.74¾ - 10.83¼	10.74¾ - 10.75¾	2¼-2orepm	2.37	5-4½pm	1.77
Japan	258 - 261	258 - 259	1½-1¼ypm	6.38	4¼-4pm	6.29
Austria	20.60 - 20.75	20.60 - 20.65	11¼-10¾gropm	6.29	31¾-29½pm	5.94
Switzerland	2.44¼ - 2.45¾	2.44¼ - 2.45¼	1½-1¼cpm	6.74	3⅞-3¾pm	6.23
ECU	1.4300 - 1.4320	1.4295 - 1.4300	0.62-0.59cpm	5.08	1.69-1.64pm	4.66

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.96-5.89cpm . 12 Month 10.45-10.30pm .

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3459	+0.42	+0.10	±1.5508
Danish Krone	7.79845	7.87087	+0.93	+0.61	±1.6453
German D-Mark	2.04446	2.06080	+0.80	+0.48	±1.1762
French Franc	6.85684	6.90115	+0.65	+0.33	±1.3618
Dutch Guilder	2.30358	2.32236	+0.82	+0.50	±1.5272

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
September	89.72	89.72	+0.06	89.73	89.70	10.28	7,893
December	89.73	89.78	+0.12	89.79	89.73	10.23	12,591
March	89.72	89.74	+0.11	89.74	89.72	10.27	2,964
June	89.72	89.73	+0.10	89.73	89.72	10.27	593

Estimated volume 8,278 Total Open Interest 24,041

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
September	1665.0	1669.0	+45.0	1693.0	1662.0	9,698
October	1677.0	1675.0	+47.0	1691.0	1668.0	587
November	1682.0	1682.0	+43.0	1682.0	1682.0	0
December	-	-	-	-	-	0

Estimated volume 7,256 Total Open Interest 10,336

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Little net change

BETTER THAN expected UK retail sales figures offset the impact of a weaker pound to leave London interest rates little changed yesterday. Three-month sterling interbank finished unchanged at 14$\frac{13}{16}$-14⅞ per cent and 12-month money was unchanged at 14$\frac{9}{16}$-14$\frac{7}{16}$ per cent after an unexpected fall of 1.6 per cent in August retail sales. Earlier in the day rates had firmed as the pound fell on the foreign exchanges

UK clearing bank base lending rate 15 per cent from October 5, 1989

Short sterling futures were steady on Liffe. December delivery opened slightly lower at 85.67 and touched a low of 85.65 before rallying on the retail sales news, to close at 85.70 against 85.68 previously.

The Bank of England initially forecast a day-to-day credit shortage of £700m on the money market, but revised this to £750m at noon and back to £700m in the afternoon.

Total help of £541m was provided. Before lunch the authorities bought £341m bills outright, by way of £3m bank bills in band 1 at 14⅞ per cent and £338m bank bills in band 2 at 14¾ per cent. In the afternoon another £175m bills were purchased, via £68m Treasury bills in band 1 at 14⅞ per cent and £107m bank bills in band 1 at 14⅞ per cent. Late assistance of around £25m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £794m, with the unwinding of repurchase agreements on bills absorbing £732m and bank balances below target £145m. These outweighed Exchequer transactions adding £410m to liquidity and a fall in the note circulation of £575m.

In Frankfurt call money firmed slightly to 8.025 from 8.00 per cent as banks remained uncertain about funding requirements. The call rate continued to hover around the Lombard emergency financing rate of 8 per cent in fairly tight conditions. Dealers suspected that inexperience in operating on the money market has made East German banks keep more funds than necessary in non-interest bearing accounts with the Bundesbank.

In its return for the week ending August 31, released on Friday, the Bundesbank noted that problems in assessing East German banks' cash holdings had made it hard to calculate August's net reserve requirements. Market estimates suggested that East German banks held twice as much reserve money as was needed.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

LEGAL NOTICE

No. 008367 of 1989

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Re: CREDIT SUISSE FIRST BOSTON LIMITED
- and -
Re: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 13th November 1989 confirming the reduction of the capital and the cancellation of the Share Premium Account of the above-named Company and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 24th August 1990.

Dated the 4th September 1990

LINKLATERS & PAINES
Solicitors to the Company

COMPANY NOTICES

THE ROYAL BANK OF CANADA
U.S. $300,000,000 Floating Rate Debenture Notes due 2085

NOTICE IS HEREBY GIVEN that for the Interest Period commencing on 12th September, 1990, the Notes will bear interest at the rate of 8⅛% per annum. The interest payable on 12th December 1990 against Coupon No. 19 will be U.S. $20.854166 per U.S. $1,000 nominal.

Agent Bank
ROYAL BANK OF CANADA EUROPE LIMITED

ART GALLERIES

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,338 Set by DINMUTZ

ACROSS

1 Presentation on TV to which film is subjected? (8)
5 Certify a loud company (6)
10 Let the clutch out? (5)
11 One should pocket litter (9)
12 Messy oil-patch, a sign of a mini-banger (9)
13 Plastered firm (5)
14 Musical destiny? (6)
15 What he makes goes on the horses (7)
18 More tea outside in pensioners' home (7)
20 Scope after midnight for move on board (6)
22 Bitter, perhaps, about member being bulky of form (5)
24 Peace proposal for Ireland and Ulster to study (9)
25 Daily, I take on Ravi, perhaps, in such rough music (9)
26 These clubs are Bond's, we hear (5)
27 Young men – shy, retiring – not allowed inside (6)
28 Cheers the double feature (4-4)

DOWN

1 Rules of conduct I found in battered chest (6)
2 Polishing off pop? (9)
3 Typical attitude of his, the classroom controller (15)
4 Swindle with skill as means of defence (7)
6 Time and a quarter capacity? (6,9)
7 Topping stuff for a cold symptom (5)
8 Perhaps limit a line of a Haydn symphony? (8)
9 Dull notices for wood-nymphs (6)
16 Material of girders? (4-5)
17 Like an old record of Impromptu you begin? (8)
19 Malt vinegar made from a lager (6)
20 Cook's decoration can look flashy around top of noodle (7)
21 Son embraced in marriage agreement (6)
23 Malay craft turning instrument upside down at university (5)

Solution to Puzzle No.7,337

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices September 10

Sales	Stock	High	Low	Close	Chng
700	Canfor	$23	23	23 +	½
10600	Cara A I	$15½	15½	15½ −	½
700	Carena	$17½	17½	17½ −	⅛
2000	Cascades	340	340	340 −	15
4728	Cen Capital	$8⅝	8½	8½ +	⅛
7322	CenCap A	$5¾	5⅝	5⅝	
1200	C Guar Trc	$7⅞	7⅞	7⅞	
42000	Charan	4	4	4 −	1
10250	Claoplex	395	385	385 −	20
500	Innopac	455	455	455 −	5
575	Interhome	$48⅜	48¼	48⅜	
300	Ipsco	$14¾	14¾	14¾	
526600	Jannock	$14⅛	14	14	
2800	Kerr Add	$17¾	17⅝	17¾ +	⅛
17262	Labatt	$21⅞	21⅝	21⅝ −	⅛
277885	Lac Mnrls	$10½	10	10⅛ −	⅜
43	Lafarge p	$16¼	16¼	16¼	
53	Schneider A	$18⅝	18⅝	18⅝	
3200	Scot Paper	$19	19	19 +	½
11715	Scotts I	$13¼	13⅛	13⅛	
62680	Seagram	$88⅛	87½	88¼ +	1⅛
20214	Sears Can	$10¼	10⅛	10⅛ −	⅛
1195	Shell Can	$40	39⅝	40 +	½
400	Sherritt	$7½	7½	7½	
31319	Varity C	260	255	255	
6400	Viceroy R	480	475	475 −	5
525	WIC B f	$11⅜	11⅜	11⅜ −	⅛
300	Wajax A	$7¼	7¼	7¼	
1000	Wst Fraser	$19¼	19	19¼ +	¼
181100	Wcoast E	$22¼	22	22⅛ +	⅛
1700	Weston	$40⅛	40	40	
17622	Woodwrd A	129	125	129 +	9

f − No voting rights or restricted rights.

MONTREAL
Closing prices September 10

Sales	Stock	High	Low	Close	Chng
1700	BombrdrA	$18⅛	18	18⅛ +	⅛
31731	BombrdrB	$18¼	17⅞	18 −	⅛
3300	Cambior	$13½	13½	13½ −	½
18070	Cascades	340	325	330 −	10
4750	DomTxtA	$10	09¾	10	1 ¼
3400	Memotec	$08¼	08¼	08¼	
98417	NatBk Cda	$08⅞	08⅝	08⅝ −	⅛
52050	Power Corp	$14⅞	14⅝	14⅞	
514	Provigo	$08½	08½	08½	
400	Quebecr A	$11½	11¼	11½ +	½
4930	Quebecr B	$10¾	10⅝	10⅝ +	⅛
4080	Videotron	$10¼	10	10⅛ +	⅛

Total Sales 4,092,784 shares.

INDICES

NEW YORK

DOW JONES	Sept. 10	Sept. 7	Sept. 6	Sept. 5	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2615.59	2619.55	2596.29	2628.22	2999.75 (16/7)	2483.42 (23/8)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.54	89.50	89.50	89.47	93.04 (3/1)	88.48 (2/5)	—	—
Transport	908.10	908.28	892.20	897.74	1212.77 (6/6)	861.31 (23/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	200.45	200.89	198.25	198.44	236.23 (2/1)	190.96 (24/8)	236 23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2665.35 (2635.89) Low 2600.9 (2577.72)

STANDARD AND POOR'S	Sept. 10	Sept. 7	Sept. 6	Sept. 5	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	321.63	323.40	320.46	324.39	368.95 (16/7)	307.06 (23/8)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials (Latest)	380.59	382.67	379.50	384.37	437.37 (16/7)	362.23 (23/8)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.92	24.03	23.76	24.05	31.87 (3/1)	22.87 (23/8)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	176.70	177.51	176.06	177.93	201.13 (16/7)	168.88 (23/8)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	323.21	323.77	324.50	325.41	382.45 (5/1)	315.85 (23/8)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	381.73	380.38	378.78	382.43	469.60 (16/7)	360.22 (23/8)	485.73 (9/10/89)	54.87 (31/10/72)

	Sep 7	Aug 24	Aug 17	year ago (approx.)
Dow Industrial Div. Yield	3.86	4.29	4.10	3.70
	Sept 6	Aug 29	Aug 22	year ago (approx.)
S & P Industrial div. yield	3.24	3.24	3.34	2.81
S & P Indl. P/E ratio	15.47	15.47	14.96	14.42

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Pac Gas & Elect	3,195,300	21¼	− ⅛
Toys R US	2,567,400	22⅛	− 1
Am T & T	1,805,200	30⅝	− ⅜
IBM	1,609,400	105⅞	+ ⅜
Wal-Mart Stores	1,420,100	27	− 1
Gen Electric	1,410,300	61⅛	+ ½
Philip Morris	1,393,200	44⅞	+ ⅛
Pepsico	1,312,600	24⅞	− ¼
Boeing	1,189,400	47⅛	+ ⅜
Am Express	1,099,600	24⅛	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Sept. 10	Sept. 7	Sept. 6
New York	121.165	123.800	125.620
Amex	10.588	10.149	10.547
NASDAQ	(u)	103.159	98.734
Issues Traded	1.962	1.953	1.947
Rises	761	907	507
Falls	726	543	951
Unchanged	475	503	489
New Highs	8	12	12
New Lows	76	63	73

CANADA

TORONTO	Sept 10	Sept 7	Sept 6	Sept 5	1990 HIGH	1990 LOW
Metals & Minerals	2984.20	2976.62	2987.08	3032.76	3453.05 (4/1)	2850.80 (23/4)
Composite	3287.70	3287.02	3312.80	3333.19	4009.47 (3/1)	3287.02 (7/9)
MONTREAL Portfolio	1721.82	1717.50	1731.63	1743.79	2060.90 (3/1)	1717.50 (7/9)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 10	Sept. 7	Sept. 6	Sept. 5	1990 HIGH	1990 LOW
AUSTRALIA All Ordinaries (1/1/80)	1499.7	1478.9	1480.5	1479.8	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	743.9	734.9	736.4	731.6	860.8 (5/1)	711.7 (2/7)
AUSTRIA Credit Aktien (30/12/84)	529.02	505.86	506.25	505.61	703.29 (19/3)	464.55 (25/8)
BELGIUM Brussels SE (Cash Mkt) (1/1/80)	5518.51	5465.45	5465.97	5484.43	6599.43 (12/1)	5243.52 (23/8)
DENMARK Copenhagen SE (3/1/83)	357.69	357.16	357.17	357.48	388.29 (20/7)	347.69 (23/8)
FINLAND Unitas General (1975)	489.2	497.9	501.1	507.7	677.3 (23/1)	489.2 (10/9)
FRANCE CAC General (31/12/82)	454.24	438.32	446.92	446.42	564.62 (30/5)	417.98 (22/8)
CAC 40 (31/12/87)	1661.76	1619.16	1609.51	1638.32	2129.32 (20/4)	1546.51 (21/8)
GERMANY FAZ Aktien (31/12/58)	683.46	667.15	666.26	676.60	832.32 (19/7)	655.37 (23/8)
Commerzbank (1/12/53)	1962.7	1913.1	1909.6	1940.7	2414 0 (3/4)	1875.4 (23/8)
DAX (30/12/87)	1600.45	1562.92	1557.12	1564.27	1968.55 (30/3)	1528.34 (23/8)
HONG KONG Hang Seng Bank (31/7/64)	3087.74	3047.91	3032.85	3039.69	3559.89 (23/7)	2738.24 (1/2)
IRELAND ISEQ Overall (4/1/88)	1286.16	1259.61	1271.62	1289.24	1893.10 (22/1)	1259.61 (7/9)
ITALY Banca Com. Ital. (1972)	607.56	603.92	604.96	606.69	763.52 (14/6)	584.37 (24/8)
JAPAN Nikkei (16/5/49)	25080.90	23962.07	23811.93	24078.34	38712.88 (4/1)	23737.63 (23/8)
Tokyo SE (Topix) (4/1/68)	1903.28	1845.93	1846.03	1860.08	2867.70 (4/1)	1829.25 (23/8)
2nd Section (4/1/68)	3612.24	3568.28	3613.35	3667.56	4477.16 (16/7)	3313.92 (5/4)
MALAYSIA KLSE Composite (4/4/86)	544.24	541.41	547.47	551.88	632.22 (1/8)	480 77 (23/8)
NETHERLANDS CBS Ttl.Rtn.Gen.(End 1983)	249.9	246.0	245.6	244.9	271.9 (20/7)	236.7 (23/8)
CBS All Shr (End 1983)	185.1	182.3	182.0	181.5	206.3 (3/1)	176.1 (24/8)
NORWAY Oslo SE (Ind) (2/1/83)	861.87	865.96	869.26	868.14	915.13 (2/8)	701.67 (2/1)
PHILIPPINES Manila Comp (2/1/85)	701.68	712.67	717.71	726.33	1160.70 (21/3)	683.58 (23/8)
SINGAPORE SES All-Singapore (2/4/75)	351.19	347.98	350.57	351.40	446.87 (16/7)	321.66 (23/8)
SOUTH AFRICA JSE Gold (28/9/78)	1598.04	1630.0	1637.0	1607.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2866.04	2871.0	2877.0	2888.0	3211.0 (6/2)	2738.0 (24/8)
SOUTH KOREA** Korea Comp Ex. (4/1/80)	612.63	613.08	616.29	625.00	928.82 (4/1)	587.38 (25/8)
SPAIN Madrid SE (30/12/85)	246.27	241.34	242.32	246.80	309.74 (16/7)	234 79 (23/8)
SWEDEN Affarsvärlden Gen. (1/2/37)	1135.9	1129.6	1126.0	1133.3	1329.9 (5/7)	1086.4 (23/8)
SWITZERLAND Swiss Bank Ind. (31/12/58)	687.3	676.5	682.7	683.2	845.5 (13/7)	656.4 (23/8)
TAIWAN** Weighted Price (30/6/66)	3487.98	(c)	3308.85	3364.49	12495.34 (10/2)	3135.56 (24/8)
THAILAND Bangkok SET (30/4/75)	839.88	838.06	844.52	851.65	1143.78 (25/7)	695.81 (24/8)
WORLD M.S. Capital Intl. (1/1/70)	(u)	464.0	462.4	465.7	571.0 (4/1)	448.3 (24/8)

**Saturday September 8: Taiwan Weighted Price: (c). Korea Comp Ex. 612.57

‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE Industrials − 264.3 and Australia All Ordinary and Mining − 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday 10 September 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	18.1m	486	+11
Hitachi	9.0m	1,310	+30
Showa Line	8.7m	1,060	+89
MHI	8.7m	802	+42
Iwatani	7.2m	1,160	+40
Toshiba	5.6m	850	+25
Sumitomo MtlMn	4.7m	1,530	−20
Mitsui Cnstctn	4.7m	1,190	+110
Fujita	4.6m	1,510	+40
Mitsubishi Gas	4.4m	782	+40

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Zurich and Berne closed.

4pm prices September 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	15	AAR	.48	3.1	10	400	15½	15	15¼	
9⅝	7¾	ACM n	1.01	13.		x113	8	7⅞	8	+ ⅛
11⅝	9⅜	ACMIn	1.26	13.		x633	9⅞	9¾	9¾	+ ⅛
9⅝	7	ACM M	n1.01	14.		x240	7⅜	7¼	7⅜	
12⅛	10	ACMMM	1.50	13.		x257	11⅞	11½	11⅛	– ¼
11½	8⅞	ACM Sc	1.26	13.		1303	9⅝	9½	9⅝	
9⅝	7⅛	ACMSp	1.01	12.		625	8¼	8	8⅛	
24⅝	14⅝	AL Lab	.16	.8	18	419	20	19¾	20	+ ⅜
5⅛	1⅝	AM Intl				111	1⅞	1⅝	1¾	+ ⅛
23⅛	7	AM In pf	2	23.		17	8⅞	8⅝	8⅞	+ ⅛
107⅛	43⅛	AMR			10	3667	45¼	44¼	44½	
4¼	2⅜	ARX			9	79	3	2⅞	3	+ ⅛
72⅛	41⅛	ASA	3a	6.4		1726	48	46¼	47	–2
46⅝	30⅞	AbtLab	s.84	2.1	20	5299	41½	40¼	40½	– ⅛
15	11⅛	Abitibi	g .60			50	13⅝	13⅜	13⅜	– ⅛
11⅝	5⅞	AcmeC	.40	6.7	7	97	6¼	6	6	+ ⅛
9⅝	6⅜	AcmeE	.32	4.7	8	10	6⅞	6⅝	6⅞	
32¼	18⅞	Acuson	s		25	894	30⅛	29⅛	29⅞	+ ⅛
18⅞	14⅞	AdaEx	2.06e	13.		90	15½	15⅜	15⅜	
15⅝	10	Adobe				34	12⅝	12⅛	12¼	
20¼	17¼	Adob pf	1.84	10.		3	18⅞	18⅛	18⅛	
21⅝	20⅛	Adob pf	2.40	12.		28	20½	20⅛	20½	
11⅝	4⅞	AMD			24	3142	6½	6	6	– ¼
32⅛	25⅛	AMD pf	3	12.		2	25⅞	25⅛	25⅛	
9⅛	3⅛	Advest	.16	5.3	36	2699	3⅛	d 2⅞	3	– ⅛
62½	42⅝	AetnLf	2.76	6.4	7	3293	43½	42⅞	43⅛	– ⅛
13⅛	8⅛	AffilPb	.24	2.7		798	9⅛	8⅞	9	– ⅛
25	15⅝	Ahmans	.88	5.3	7	1753	17	16	16½	– ⅛
3½	1⅞	Aileen			7	75	2⅜	2⅞	2⅝	– ⅛
[illegible]										

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22½	18⅝	PugetP	1.76	9.1	10	209	19⅝	19¼	19¼	
12⅛	9¾	PDFI n	1.20	13.		365	9½	9¼	9¼	- ⅛
12⅝	8¾	PDIF n	1.38	14.		169	9¾	9½	9⅝	+ ⅛
7⅞	5¾	PHICB	.85	14		139	6	5⅞	6	+ ⅛
10	8	PHYM	.81	8.6		326	9½	9¼	9⅜	- ⅛
9½	7¾	PIGIT	.96	12.		2650	8¼	8	8⅛	
12⅛	10⅞	PIGM n	.89	8.0		163	11⅛	10⅞	11⅛	+ ⅛
10	8⅞	PMMI	.76	8.3		539	9¼	9⅛	9⅛	- ⅛
8⅞	6¼	PMIIT	.87	13.		2131	6⅝	6⅝	6½	
9½	6⅝	PMIT	.93	14.		1597	7	6¾	6⅞	- ⅛
8⅞	6¼	PPrIT	.93	14.		2755	6¾	6⅝	6⅝	
21¼	8⅞	OMS			11	314	14⅛	14	14⅛	+ ⅛
13-16	5-32	Qantel				87	13-64	3-16	3-16	- 1-64
83⅞	41¾	QuakrO	1.40	3.3	15	1267	43⅞	42⅝	42⅝	
17	9½	QuakSC	.80	7.5	10	183	10⅝	10½	10⅝	+ ⅛
18⅝	11½	Quanex	.40	2.8	6	24	14⅛	14⅛	14⅛	
44⅛	10¼	Quantm	.44t	3.8	41	1177	11¾	11½	11½	+ ⅛
14	12	QsrVI	1.20a	9.2		201	13⅛	12⅞	13	+ ⅛
14⅝	10⅞	QsrVC				506	12	11¾	11⅞	+ ¼
38¾	32⅝	Questar	1.96	5.5	14	60	35½	35¼	35⅜	+ ⅛
16¼	11⅜	QkReily	.28a	2.4	9	13	11⅝	11⅝	11⅝	+ ⅛
		– R – R – R –								
11	8⅞	RAC In	1.26	12.		x97	10¼	10⅛	10¼	+ ⅛
4⅞	2	RAC	.48e	11.	7	285	4½	4⅜	4½	
7¾	4⅛	RJR Nb wi				270	5¾	5½	5⅝	+ ⅛
14¼	6⅞	RLI Cp	.44	4.0	6	3	11¼	11⅛	11⅛	
13	7	RMI Ti	n.10	1.4		501	7⅞	6⅝	7¼	- ⅛
17⅞	5¾	RGC	Fd.38e	4.8		244	8	7¾	7⅞	+ ⅛
9⅛	6¼	RPC			19	70	8½	8⅜	8½	+ ⅛
8¼	5¾	RPS	.83e	14.	7	129	5⅞	5¾	5⅞	+ ⅛
41¾	34	RTZ n	1.43e	4.2		9	34⅞	34	34⅞	
67¼	48¼	Racal	.60e	1.2	25	910	51	49	49⅛	- 1⅛
100½	77¾	RalsPur	1.85	2.0	18	659	95¼	93	93⅛	- 1
7⅞	5⅝	RangrO	.06e	.8	20	2771	7⅜	7½	7⅜	- ⅛
37	18¼	Raycm	.32	1.5		505	21⅝	21⅛	21¼	+ ⅛
22⅝	15	RJamF	.24	1.3	6	44	18⅝	18⅛	18⅛	+ ⅛

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– X – Y – Z –								
67⅞	38½	Xerox	3	7.5	7	1017	41	39½	39⅞	- ½
49	45½	Xerox	pf4.13	8.9		4	46⅞	46½	46½	- ⅛
33½	16½	XTRA	.72	4.1		214	17⅞	17⅝	17⅝	+ ⅛
26½	16¼	XTRA	pf1.94	12.		200	16¾	16½	16¾	
4	1¼	Zapata				628	1⅝	1½	1⅝	- ⅛
10⅝	5	Zemex				33	5⅝	5½	5½	- ⅛
17¾	5¾	ZenithE				333	6¼	5⅞	5⅞	- ⅜
30	13⅞	ZenNtl	.88	6.5	8	2	13⅝	13⅝	13⅝	
9	4½	Zenix	.90	16.		47	5½	5¼	5½	+ ⅛
18½	10¾	Zero	.40	3.5	11	195	11½	11¼	11⅜	+ ⅛
51⅞	34⅝	Zurmin	.76	2.0	16	x485	37½	37	37¼	+ ⅛
12⅝	10⅜	Zweig	1.21e	11.		282	10⅝	10⅝	10¾	+ ⅛
10	8⅝	ZweigTl	.96	11.		x1841	8⅞	8⅝	8⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices September 10

NASDAQ NATIONAL MARKET

3pm prices September 10

Stock	Div.	Sales 100s	High	Low	Last	Chng
XOMA		686	19½	18¾	19¼	+ ¼
Xicor		365	2	1⅞	1⅞	- 1-16
YenEnS	1.52e	15 315	19¾	19¼	19¼	
YelowF	.82	47 342	23⅞	23½	23⅝	+ ⅛
YorkRe		13 390	11¼	10½	10½	- ⅝
ZionBc	1.44	7 6	26	25	26	+ ¼

AMERICA

Dow loses initial rise on volatile oil price

Wall Street

A FALL in crude oil prices after the Helsinki superpower summit helped equities to bounce at the opening yesterday, and buying was then sustained by Iraqi leader Saddam Hussein's offer of free oil to Third World nations. However, oil subsequently rallied and equities retreated, *writes Janet Bush in New York.*

The Dow Jones Industrial Average, more than 30 points ahead at one stage, slipped back during the afternoon to close 3.96 down on balance at 2,615.59 after very low New York SE volume of 119m shares. On Friday the Dow had rallied 23 points.

It was not at all clear what Saddam Hussein's offer means, said analysts, and why the equity market should be encouraged by it. The statement was seen as an attempt to gather support among Third World countries against the US and multinational military forces.

The buying yesterday was substantially completed within a few minutes of the opening as the market reacted positively to the show of unity in Helsinki at the meeting of President George Bush and President Mikhail Gorbachev. The two leaders issued a joint warning to Iraq that they would consider additional steps if Iraq failed to withdraw from Kuwait, but the general interpretation of the Helsinki meeting appeared to be that the threat of war had receded somewhat.

Whether any substantive progress has been made by the summit is seen as an open question, but the equity market nevertheless rallied on the initial fall in crude oil prices.

The share rally then petered out as crude oil prices turned higher amid rumours - denied by the White House - that Iraq had attacked Jordan and had violated Saudi Arabian airspace. On the New York Mercantile Exchange, October crude futures, which had been quoted more than $1 a barrel lower, closed $1.26 higher on the day at $31.30 a barrel.

Events in the Middle East are extremely difficult to interpret because all the normal rules of international relations are being broken. Yesterday, Iran said that it had agreed with Iraq to resume diplomatic relations for the first time since the two countries went to war in 1980.

The rise in stocks during the morning came in spite of slightly higher Treasury bonds. However, equities then followed the bond market lower in the afternoon. There was some disappointment that the Federal Reserve has not signalled easier monetary policy.

Blue chips were mostly higher in the morning but ended mixed. IBM came off an early gain of $1¾ to close just $⅝ up at $105⅞. General Electric showed a net gain of $¼ at $61⅝, while Du Pont eased $⅛.

Consumer issues saw considerable profit-taking. Procter & Gamble, which had stood $1¼ higher, closed a net $1 down at $77.

Oil shares generally lost ground despite the rebound in crude prices. Chevron declined $1¼ to $76¾, Mobil $1⅛ to $65⅝ and Atlantic Richfield $1⅜ to $137⅛.

Precious metal mining issues dropped along with the gold price, which was quoted $11.20 an ounce lower at the close in New York at $384.80. Newmont Gold fell $2 to $43.

The roller-coaster ride for UAL stock continued yesterday. UAL shares advanced $8 on Friday following a statement by a Prudential-Bache Securities analyst that he expected the employee buy-out of United Airlines to be completed next month. UAL added $2 yesterday at $102¼.

McDonnell Douglas gained $1⅛ at $48⅜ following the Bush Administration's agreement with South Korea over the sale of 120 of the company's Hornet fighter aircraft. Johnson Controls improved $⅞ to $24 after stating that it may sell all or part of its battery business. It retained Salomon Brothers to advise it on its options.

Canada

THE TORONTO market closed mixed in moderate trading, with tumbling gold prices offsetting a strong performance in the transportation sector.

The composite index edged up 0.6 to 3,287.6, but declining issues outnumbered advances by 326 to 226. Volume came to 20.2m shares, against Friday's 20.2m. The transportation index rose 3.1 per cent, while the gold shares group fell 2.8 per cent.

ASIA PACIFIC

Nikkei soars on Helsinki and higher yen

Tokyo

SENTIMENT improved yesterday on the strong rise in the yen and the positive outcome of the US-Soviet summit, triggering bargain hunting which helped the market make its sixth largest gain in history, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average broke through both the 24,000 and 25,000 levels, surging 1,118.83 to finish at the day's high of 25,080.90. Investors were encouraged by the outcome of the Bush-Gorbachev meeting in Helsinki at the weekend, which raised hopes of a non-military settlement to the Gulf crisis.

At the same time, a steep rise in the yen and a slight fall in oil prices eased inflationary pressures and encouraged a more positive outlook on domestic interest rates. The better mood prompted investment trusts, in particular, to buy at the low share price levels.

The sharp gain in the Nikkei, however, came in very thin volume of 330m shares, down from 440m on Friday.

The Nikkei saw a low during the day of 23,997.23. Broad-based buying helped advances widely outnumber declines by 925 to 69, while 64 issues were unchanged. The Topix index of all listed shares rose 57.35 to 1,903.28 but, in London trading, the ISE/Nikkei 50 index receded 10.82 to 1,437.06.

Mr Jeremy Johnston at SBCI Securities commented: "A lot of small factors combined to give a more positive feel to the market."

Some bullish voices proclaimed that the market had passed through its worst phase and was now heading back up. But many were still sceptical; the market remained vulnerable to events in the Middle East, said Mr Johnston.

Arbitrage buying on the cash market was triggered by the strong rise in the Nikkei index futures December contract. Both the September and December futures contracts made maximum daily gains. Nevertheless, as the final trading day of the September index futures approaches this week, investors were concerned that arbitrageurs would sell on the cash market to unwind their futures positions.

Stocks that had suffered from expectations of higher interest rates gained ground. Nippon Steel topped the actives list with 16.1m shares traded and rose Y11 to Y486, while Mitsubishi Heavy Industries jumped Y42 to Y802. Mitsubishi Heavy's strong involvement in the defence industry was seen as another incentive in the light of the Gulf crisis.

Hitachi, another issue which had fallen recently, rose Y30 to Y1,310 on a volume of 9m shares.

Interest revived in construction companies, which were expected to post record profits and to continue to benefit from greater public works spending. Mitsui Construction advanced Y110 to Y1,190.

Issues dependent on domestic demand led a strong rise in Osaka, where the OSE average gained 844.53 to 28,885.95. Turnover fell from Friday's 71m shares to 63m.

Roundup

TOKYO'S ADVANCE and the superpowers' summit at the weekend lifted Asia Pacific markets yesterday, although trading was mostly light.

AUSTRALIA was boosted by the gains in Japan, which helped the All Ordinaries index to advance 20.8 to 1,499.7. Strength in the futures market was another favourable factor. Trading remained moderate, at A$122m after Friday's A$123m.

Among the day's winners were BHP, up 40 cents at A$11.40, News Corp, which gained 35 cents to A$11.35, and BTR Nylex, rising 10 cents to A$2.64.

NEW ZEALAND rallied after falling every day last week, with the Barclays index picking up 24.19 to 1,588.99. Turnover was small, however, at NZ$6.9m, down from Friday's NZ$13.7m.

HONG KONG attracted bargain hunters, who helped the Hang Seng index rise 39.83 to 3,087.74 in quiet trading. Turnover amounted to HK$618m, compared with HK$631m recorded on Friday.

Some of the best gains were in the property sector, where Cheung Kong, Hang Lung Development and Hong Kong Land each rose 20 cents to HK$12.10, HK$5.30 and HK$7.80 respectively.

SINGAPORE followed Tokyo higher, but volumes remained thin. The Straits Times Industrial index gained 8.08 at 1,246.50 from a revised close of 1,238.42 on Friday. Turnover slipped to S$58.5m from the previous session's S$71.6m. On the mainland, KUALA LUMPUR also moved higher, with the composite index rising 2.83 to 544.24.

TAIWAN gained 5.4 per cent, encouraged by the upsurge in Tokyo. The weighted index added 179.13 at 3,487.98. The market was shut on Friday and Saturday because of a typhoon.

SEOUL recovered from a weak opening, thanks mainly to the strenuous efforts of the market stabilisation fund. The composite index ended a net 0.06 up at 612.63.

MANILA remained worried by the weakness of the peso and high interest rates. There were also fears of unrest during talks on the US military bases, due to be held in Manila next week. The composite index slipped 10.99 to 701.68.

BOMBAY was subdued initially, after the Government ruled out an increase in steel prices, but rallied on the Helsinki summit. The BSE index climbed 27.15 to another record high of 1,282.87.

EUROPE

Bourses display range of reactions to the summit

BOURSES displayed a range of responses yesterday to Sunday's Helsinki summit, but the pervading talk was of technical price reaction, *writes Our Markets Staff.*

PARIS achieved a technical rise of 2.6 per cent, but was pulled off its day's high by a decline in Peugeot, which is heavily weighted in the blue chip index. The CAC 40 index ended 42.60 higher at 1,661.76, after reaching 1,686.89 earlier. Turnover remained light at about FFr1.7bn.

Peugeot, which reached a day's high of FFr576, lost FFr15 to FFr524 after Chevreux, the French broker, cut its earnings forecast and advised investors to take profits on the stock. Earlier Mr Jacques Calvet, Peugeot chairman, had predicted unchanged profits for 1990. One dealer suggested that the share price fall was unjustified, but another said that even maintained earnings would be unlikely to prevent the stock's underperformance.

The market was encouraged by the solidarity of Presidents Bush and Gorbachev at their weekend summit, but stayed cautious. The best gains were in secondary stocks, rather than blue chips, with traders taking most of the action.

Générale des Eaux gained FFr87 to FFr2,277 after reports that it was forming a joint venture with Veba of West Germany to seek contracts in eastern Europe. Rhône-Poulenc, the chemicals group, gained FFr8 to FFr240 after plunging last week on earnings worries.

FRANKFURT, which saw a mild technical rally last Friday, adjusted itself to the sentiments which came out of Helsinki and Tokyo's subsequent gains, with a rise in the pre-bourse, the FAZ index 16.31 higher at 683.46 in midsession and the DAX closing 37.53 better at 1,600.45.

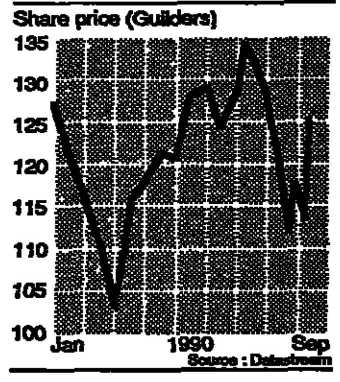
Volume stayed low at DM3.9bn, against DM3.1bn on Friday. This pattern of higher prices and subdued trading puts yesterday's gains, too, firmly in the technical category. A leading salesman said that the up and down pattern of recent weeks had left little room for institutional investors to operate on a short-term basis, even if they wanted to; but traders, without the need to pay brokers' commissions, have had adequate room for manoeuvre.

This is consistent with the stocks which moved yesterday. Daimler, up DM31 at DM716 among the international blue chips, and AMB, Nixdorf and Holzmann rising DM39 to DM809, DM7.80 to DM289 and DM61 to DM1,416 among the second-liners, have been notable for their volatility.

AMSTERDAM advanced in response to the higher opening on Wall Street, Tokyo's sharp rise and to increased hopes about the Gulf situation after the weekend's Bush-Gorbachev summit. The CBS tendency index gained 2.8 points or 2.7 per cent to 104.9, although turnover remained fairly thin.

Heineken

Share price (Guilders)



Source : Datastream

Companies announcing better-than-expected results were in demand. Heineken, the brewer, jumped 9.2 per cent following Friday's first-half profits news, which had come after the market closed. The stock gained Fl 10.60 to Fl 125.30.

Ahold, the retailer, also rose strongly, adding Fl 6.50 to Fl 131.90 after announcing a 41 per cent rise in first-half net profit last week.

MILAN had domestic considerations. Yesterday was the deadline to take up or abandon monthly options contracts and tomorrow is the end of the September trading account. Selective demand for insurers could only lift the Comit index by 3.64 to 607.56.

Chemicals came under pressure as investors took another look at the weakened Enimont public-private partnership. Analysts said that the effect of persistent conflicts between its founding shareholders had been exacerbated by the impact of the Gulf crisis on costs; now it seemed that negotiations over Enimont's future could extend over at least the next two months and the shares suffered yesterday, falling L40 to L1,204 while Montedison shed L27 to L1,429.

MADRID rebounded on optimism about the Helsinki summit and the overnight rise in Tokyo. The general index gained 4.93 to 246.27, but turnover was thin. Following last week's bomb attack on the Madrid Stock Exchange, the Barcelona Stock Exchange was evacuated yesterday after a bomb threat.

Repsol, which suffered an explosion at its Tarragona petrochemical complex on Sunday, nevertheless rose Pta35 to Pta2,550. Volkswagen, which began trading on the Madrid bourse, lost Pta20 from its opening price of Pta29,200.

ISTANBUL rose on hopes of a peaceful settlement in the Gulf. The 50-share index, which fell 5.4 per cent last week, picked up 195.01 or 4.2 per cent to 4,867.52. Trading was light.

BRUSSELS saw a technical reaction to Helsinki, the cash market index rising 53.06 to 5,518.51 in market volume of BFr385m. The steelmaker Bekaert's 84 per cent slump in first-half net profits left the shares unmoved at BFr9,800.

STOCKHOLM rose on lower oil prices and money market rates, the Affärsvärlden General index rising 6.3 to 1,135.9, but turnover stayed low at SKr198m. HELSINKI may have hosted the superpower summit, but its equity market did not benefit from being at the centre of events. Dealers talked about disappointment with the outcome of the summit, as the Unitas all-share index fell 8.7 or 1.7 per cent to 489.2.

SOUTH AFRICA

GOLD SHARES declined in Johannesburg yesterday in a lacklustre session, as world bullion prices slipped. The all-gold index lost 32 to 1,598, with Southvaal down R6 at R120 and Beatrix 75 cents lower at R21.25.

Equity strategists search for a key

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1990	% change sterling † Start of 1990	% change in US $ † Start of 1990
Austria	−4.98	−15.71	+15.95	+12.06	+3.05	+21.08
Belgium	−2.66	−9.08	−18.77	−18.20	−22.90	−9.41
Denmark	−1.13	−7.31	+4.68	−3.70	−9.74	+6.05
Finland	−2.13	−12.30	−23.48	−17.59	−23.15	−9.71
France	−3.91	−9.88	−18.11	−20.59	−25.46	−12.42
W. Germany	−3.65	−12.30	−3.72	−10.90	−18.06	−3.73
Ireland	−5.23	−16.13	−24.80	−27.63	−32.00	−20.11
Italy	−4.02	−10.66	−20.89	−16.96	−23.27	−9.84
Netherlands	+1.64	−7.27	−13.74	−11.00	−17.94	−3.59
Norway	+2.76	−4.61	+23.00	+24.34	+15.31	+35.48
Spain	−6.29	−6.80	−25.89	−18.56	−22.70	−9.18
Sweden	−2.24	−13.74	−5.17	−4.86	−12.83	+2.41
Switzerland	−2.95	−9.68	−20.12	−15.41	−14.80	+0.10
UK	−1.93	−6.11	−14.32	−13.71	−13.71	+1.39
EUROPE	−2.64	−8.63	−14.01	−14.06	−17.45	−3.02
Australia	−1.69	−6.26	−13.59	−9.28	−19.80	−5.78
Hong Kong	−1.38	−9.26	+14.10	+5.80	−9.52	+6.32
Japan	−6.14	−8.18	−13.59	−37.83	−45.66	−36.17
Malaysia	+1.45	−11.62	+14.10	−4.63	−18.51	−4.25
New Zealand	−5.17	−6.43	−31.81	−19.44	−27.97	−15.37
Singapore	−4.46	−14.48	+11.89	−11.81	−19.58	−5.51
Canada	−1.64	−3.92	−14.50	−13.83	−26.97	−14.19
USA	+0.15	−6.37	−8.04	−8.86	−22.43	−8.86
Mexico	−0.73	−5.96	+89.53	+69.03	+33.68	+57.06
South Africa	−1.49	−6.99	+9.79	−1.11	−23.28	−9.86
WORLD INDEX	−2.82	−7.58	−18.47	−21.78	−30.90	−19.04

† Based on September 7th 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd.

By William Cochrane

THE MERCURIAL, but attenuated, condition of equity markets was vividly illustrated last week. Japan, previously on the recovery tack, fell 6.1 per cent in thin trading volume, dragging the FT-Actuaries World Index down by 2.8 per cent in local currency terms.

In Europe, two of the markets which fell the most – Austria and Spain – were outperformers in the preceding week; and UBS Phillips & Drew, talking of Gulf-induced "paralysis" on the Continent, says that the share price slide came on minimal volume.

Strategists are still trying to find stable terms of reference. One method, adopted by Salomon Brothers in London, is to look at pre-Gulf crisis history and prospects. It notes that the crisis seems to have synchronised stock markets: "All have moved lower by similar degrees – 10 to 15 per cent – and all have tended to react in a uniform way to the ebb and flow of hopes and fears emanating from the Gulf."

However, economies and markets were at very different stages prior to the crisis, and Salomon maintains that the real impact of higher oil prices will, in many cases, intensify those differences. "The magnitude of pre-existing economic problems offers a good guide to markets that should be avoided," Salomon declares. "By year-end, the non-US equity markets will broadly retrace only around one third of their August losses; US equities will fall yet further."

For the record, the US was one of the few winners last week, if only by the barest of fractions. Among the others, Malaysia is picked out by Hoare Govett, which writes that the country has finally reached the top of the Asian economic performance league.

Its advantages – natural resources, central location and good corporate infrastructure – have been dissipated by domestic politics, but the Fifth Malaysian Plan, says Hoare, has produced a "private sector-driven, investment-led export machine" which should deliver double-digit growth this year and next.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 10 1990								FRIDAY SEPTEMBER 7 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	143.67	+0.7	114.70	126.37	118.13	117.53	+1.7	6.40	142.63	111.62	126.27	116.09	115.59	158.31	125.85	153.43
Austria (19)	224.52	+1.8	179.25	197.49	184.60	184.31	+2.8	1.48	220.60	172.63	195.30	179.55	179.22	285.63	193.15	149.37
Belgium (61)	140.29	+0.1	112.01	123.39	115.35	112.27	+1.1	5.16	140.11	109.64	124.02	114.03	111.08	160.02	132.11	132.71
Canada (119)	129.73	−0.6	103.57	114.10	106.66	109.96	−0.1	3.69	130.56	102.19	115.59	106.27	110.01	153.61	129.73	148.22
Denmark (33)	255.22	−0.6	203.76	224.49	209.84	209.31	+0.3	1.42	256.87	201.02	227.41	209.07	208.75	277.62	236.89	191.63
Finland (26)	118.04	−1.9	94.24	103.83	97.06	91.97	−1.3	2.98	120.36	94.19	106.56	97.96	93.20	152.29	118.04	129.80
France (122)	138.46	+1.3	110.55	121.78	113.84	115.01	+2.3	3.56	136.65	106.94	120.97	111.21	112.43	168.85	133.16	130.51
West Germany (92)	120.96	+1.6	96.57	106.41	99.46	99.46	+2.6	2.27	119.11	93.21	105.46	96.94	96.94	144.63	117.75	97.57
Hong Kong (46)	126.35	+1.5	100.87	111.13	103.89	125.99	+1.5	5.16	124.53	97.45	110.24	101.36	124.16	147.49	112.24	110.22
Ireland (17)	145.90	+0.6	116.48	128.33	119.96	121.14	+1.7	3.58	145.03	113.50	128.39	118.04	119.16	198.57	145.03	151.60
Italy (95)	88.34	−0.4	70.53	77.70	72.63	77.82	+0.5	3.04	88.74	69.44	78.55	72.22	77.42	109.26	87.35	92.18
Japan (454)	130.85	+3.8	104.47	115.09	107.60	115.09	+3.2	0.73	126.01	98.62	111.56	102.58	111.56	197.26	118.68	175.28
Malaysia (35)	219.61	+0.1	175.33	193.16	180.56	227.35	+0.1	2.60	219.31	171.62	194.14	178.49	227.03	250.89	195.23	199.87
Mexico (13)	515.65	+0.9	411.68	453.56	423.97	1631.58	+0.8	0.32	511.17	400.03	452.53	416.04	1617.98	561.41	324.53	312.15
Netherland (42)	138.53	+0.6	111.40	122.73	114.73	113.45	+1.6	5.02	138.73	108.57	122.81	112.91	111.69	149.03	130.43	126.71
New Zealand (17)	61.55	+0.9	49.14	54.14	50.61	52.81	+1.7	6.77	61.01	47.74	54.01	49.66	51.91	75.36	59.57	87.14
Norway (23)	265.06	−2.1	211.62	233.15	217.94	219.28	−1.4	1.45	270.76	211.89	239.70	220.38	222.44	276.79	202.34	182.62
Singapore (25)	169.33	+1.1	135.19	148.95	139.23	138.00	+0.8	3.03	167.44	131.03	148.23	136.27	136.84	209.24	156.96	168.56
South Africa (60)	174.45	−1.5	139.28	153.44	143.43	149.54	−0.8	3.86	177.15	138.63	156.82	144.18	150.38	251.39	170.00	155.09
Spain (42)	149.64	+1.0	119.47	131.62	123.03	112.46	+2.2	4.89	148.11	115.90	131.12	120.54	110.07	182.25	132.84	156.86
Sweden (34)	195.58	−0.6	156.14	172.03	160.81	167.64	+0.1	2.39	196.68	153.92	174.12	160.08	167.49	234.93	173.89	179.47
Switzerland (65)	93.10	−1.1	74.33	81.89	76.56	76.10	+0.0	2.79	94.16	73.69	83.36	76.65	76.09	109.77	88.75	89.42
United Kingdom (301)	159.24	−1.0	127.13	140.05	130.91	127.13	+1.0	5.42	160.90	125.91	142.42	130.94	125.91	176.18	138.87	162.36
USA (535)	129.70	−0.5	103.55	114.09	106.64	129.70	−0.5	3.80	130.37	102.03	115.42	106.12	130.37	148.95	123.62	141.46
Europe (972)	138.02	+0.0	110.19	121.40	113.49	111.80	+1.4	4.13	138.08	108.06	122.24	112.39	110.29	157.65	135.57	128.24
Nordic (116)	198.04	−0.9	158.11	174.20	162.84	159.34	−0.1	1.91	199.78	156.34	176.86	162.60	159.52	223.29	185.01	164.64
Pacific Basin (659)	131.03	+3.6	104.61	115.25	107.74	115.34	+3.0	1.12	126.47	98.97	111.97	102.94	111.95	192.75	119.53	172.12
Euro-Pacific (1631)	134.23	+2.0	107.16	118.06	110.36	114.61	+2.3	2.39	131.54	102.94	116.44	107.06	112.01	174.16	127.11	154.71
North America (654)	129.61	−0.5	103.48	114.02	106.59	128.42	−0.5	3.79	130.30	101.97	115.36	106.07	129.05	148.43	124.33	141.76
Europe Ex. UK (671)	124.24	+0.6	99.19	109.30	102.16	102.45	+1.6	3.25	123.46	96.61	109.31	100.49	100.79	145.62	121.42	112.89
Pacific Ex. Japan (205)	132.38	+1.0	105.69	116.46	108.86	114.96	+1.5	5.62	131.11	102.60	116.09	106.72	113.26	146.72	122.53	133.98
World Ex. US (1823)	134.69	+1.9	107.53	118.48	110.75	115.20	+2.2	2.44	132.18	103.44	117.02	107.58	112.72	173.77	128.14	154.59
World Ex. UK (2057)	129.24	+1.3	103.18	113.69	106.28	119.03	+1.3	2.60	127.55	99.81	112.92	103.82	117.61	162.00	121.96	148.51
World Ex. So. Af. (2298)	131.65	+1.1	105.10	115.81	108.25	119.62	+1.3	2.89	130.23	101.91	115.30	106.00	118.10	161.94	125.26	148.80
World Ex. Japan (1904)	133.76	−0.3	106.79	117.67	110.00	122.37	+0.3	4.00	134.14	104.97	118.76	109.19	121.95	161.59	130.40	136.67
The World Index (2358)	131.90	+1.1	105.31	116.03	108.46	119.82	+1.3	2.90	130.51	102.13	115.54	106.23	118.32	162.05	125.57	148.84

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Zurich (Switzerland) market closed September 10.